

The Association of Golf Course Owners – Abbotsley Golf Club – St. Neots PE19 6XN

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Fighting for fair VAT and tax in golf for 20 years

CASC CONSULTATION REPORT

12TH AUGUST 2013

The Association of Golf Course Owners (1993) (AGCO) is a non-profit making organisation formed in 1993. Its sole purpose is to campaign and take appropriate action against the distortion of tax in the golf industry – in VAT, corporation tax and business rates. Abuse of the CASC scheme within golf has caused such serious distortion that it threatens to put many small proprietary golf clubs out of business. This report points to the current abuse of the CASC system in golf, highlights extensive tax evasion, and suggests ways of closing the loopholes and tightening the regulations to curb the abuse and distortion caused by this subsidy to a section of the golf industry.

AGCO has 180 clubs providing funding as necessary for counsel's opinions and supporting court actions. In addition AGCO represents the interests of all proprietary golf course owners in England, Northern Ireland and Wales on VAT, CASC and corporation tax issues. All have been notified of AGCO's work on these issues and asked to opt out if they did not support our reports and work. None has opted out. The interests of Scottish proprietary clubs are identical to ours but we have been unable to obtain a list of proprietary clubs from Scottish Golf. In total there are 916 proprietary clubs in the UK.

During the last 20 years AGCO has been mentioned for its work in Hansard, has met and corresponded with Government ministers and politicians from both Houses of Parliament, met with and reported to HMRC on tax issues in golf, researched and compiled reports on tax in the golf industry, provided speakers at golf conferences in the UK and Europe, and raised funds to support cases involving the VAT distortion.

Please note that one of members, Richard Haygarth, a Chartered Accountant and golf course owner has filed a detailed response on behalf of AGCO dealing with each of the individual questions and options in the consultation.

We fully endorse that very considered document as representing proprietary golf.

Vivien Saunders Andrew Sutcliffe

Vivien Saunders (Chairman) - Andrew Sutcliffe (Deputy Chairman)

Ross Noades (Director) and the committee, supporters and subscribers to the Association of Golf Course Owners (1993)

CASC – DISTORTION IN GOLF - INTRODUCTION

The distortion caused by the CASC system is effectively bankrupting many small proprietary golf clubs. If this subsidy and tax advantage were given between one EU country and another it would unquestionably be classified as an illegal subsidy. Our association cannot accept the subsidies and tax advantages being given are not unlawful. They certainly offend fairness and competition.

Golf is a unique ball game and more or less a unique sport. In other games people play on a set pitch, court or course and don't go touring round the country to enjoy other club's courses, pitches, courts. The playing set up is the same. We accept that in water sports, ski-ing, climbing, potholing and some equestrian activities playing "courses" differ. But in golf, the number of golfers going course to course paying visitors' green fees is unique. The size of the green fee industry to CASC registered clubs can be assessed, based on official reports, at between £100 and 140 million per annum.

Secondly, golf is unique in that the distortion between proprietary clubs and member-owned clubs is unknown in any other sport. In other sports where there is an element of member-owned facilities and commercial ones the commercial ones are invariably larger, more prosperous and more attractive. In golf it is just the reverse. Most member-owned golf clubs were built before 1940. In the 1980s these clubs had full memberships, golfers on their waiting lists, didn't cater for the working classes and novices. In 1989 The Development Council of the Royal and Ancient Golf Club of St. Andrew's (amateur golf's governing body) produced a report "A Survey to assess the demand for and supply of golf and golf facilities between now [1989] and AD2000". It was supported by the CCPR. Farmers diversified; golf enthusiasts built courses, many of them basic with additional facilities for beginners, children, lessons and being affordable. It is those courses that provided opportunity for golf at grass roots level and still provide it. The CASC scheme is subsidising the wrong part of the market.

Thirdly, in 1993, having built our courses and golf centres, many of us were as good as bankrupted by the distortion of VAT. Subscriptions to 'non-profit making' members' clubs are VAT exempt. We have to charge VAT, now 20%. That is why we formed the Association of Golf Course Owners in 1993 to lobby against that unfairness and we have been fighting it ever since. And we will continue to fight it. The distortion simply does not feature in other sports. We have communicated over the years with the governing bodies/sports of all the 118 sports counted for VAT purposes. Distortion in VAT is of no concern to them. To have to charge £6 for a squash club instead of £5 doesn't seem to make a difference. In golf, to have to charge £1,200 instead of £1,000 or £600 against £500 is impossible to sustain.

Now, since 2002, we are faced with the competition of CASC and most CASC golf clubs receiving £30,000 or so a year in subsidies on their business rates. That's equivalent to a subsidy of £60 to £80 a member. How can two businesses compete fairly against each other, when one is saddled with full business rates and the other gets this disgraceful subsidy.

HMRC and the UK Government have no concept of the non-profit making members' club. In effect in English law there are only two options – the non-profit making members' club and the profit-making

proprietary club. But that is wrong. Politicians simply have no grasp of a non-profit making members' club and confuse non-profit making with philanthropy. A well churned out phrase from one minister effectively said that non-profit making members' clubs are akin to charities and deserve public support. All that 'non-profit making' means is that the club has a constitution which gives it some degree of permanence with the funds going from groups of members to groups of members year to year.

In golf the supposedly non-profit making members' clubs include Sunningdale Golf Club, taking some £1.3 million of visitors' fees in 2011 to subsidise the subscriptions of their wealthy members. Philanthropic – deserving of charity? No. Non-profit making includes the Berkshire Golf Club, taking some £12 million of visitors fees since 1996 (roughly £800,000 a year) and being described as non-profit making. It includes Walton Heath Golf Club in Surrey with visitors' fees each year in excess of £600,000 – still classified as non-profit making. Members of Parliament don't want to face the truth. Why, because Walton Heath gives/gave them a £700 reduction in their subscriptions – no doubt to keep the status quo and keep the M25 away from them. Philanthropic – akin to charity? No.

And then there is Swinley Forest in Ascot, one of England's most elite. To the year ended December 31st 2011 Swinley Forest took £499,000 in visitors' fees. Every single one of these clubs failed to pay any tax whatsoever on their visitors' fees. The fees are systematically hidden in their accounts as "temporary memberships". What makes Swinley Forest remarkable is that the chairman of the club, signing off those accounts is Sir Hugh Stevenson, former deputy chairman of the FSA, and knighted for his service to the financial industry. Sir Hugh is a member of the Cabinet Office's Advisory Committee on Business Appointments (ACOBA). So we wrote to Sir Hugh asking just how he could justify Swinley Forest Golf Club being classified as non-profit making and paying no tax. In fact we have put the same point to the secretary and chairman of ACOBA. None have responded and Sir Hugh signed off the company accounts of Swinley Forest to December 31st 2012, with over £500,000 and still no tax paid.

Of course, none of the above four clubs is CASC registered. That would be too extraordinary. Or would it?

In this report we will show how Royal Dornoch charges £175 for a daily visitor fee against a membership of £447. We are reliably told they take over £650,000 in visitors' fees. Affordable, deserving charitable support? Done in innocence – no! One of the directors on the board of the Scottish Golf Union is a member there and must be aware of the scam. We question whether they are paying any tax on these green fees. If their friends in Surrey and Berkshire are anything to go by, probably not!

AND THEN THERE IS HUDDERSFIELD

And then there is Huddersfield Golf Club – a prosperous golf club in a relatively poor area. The riff raff from Huddersfield certainly don't play there. The club occupies a grand clubhouse known as Fixby Hall. The membership programme is well hidden. On 11th December 2010 the special resolution at the club AGM set a level of membership fees of £1,000 for 2011. No doubt it is now larger. And the club has a joining fee of 1 ½ times the membership subscription. So if the riff raff of Huddersfield want to play there they can fork out £2,500. There are plenty of affordable places the working classes can find to play golf near Huddersfield. Although they are CASC registered Huddersfield seemed concerned about the prospects of equality, mentioning their concerns in the AGM notes to 31st December 2009.

But the public needn't despair because they can save up and go to Huddersfield GC for a special trip. The visitors' green fee is a measly £55 weekday. But for those plebs who work the green is £65 at a weekend or £80 for the day. Alternatively they could go to the council run municipal for £18 or on the 9 hole course for £4.

But Huddersfield is recognised as being 'non-profit making' and gets its CASC status.

In fact, Huddersfield deserves lots of attention. Not because it is out of the ordinary but because it is a very, very ordinary CASC registered golf club. It is typical but with lower than average green fees. In fact as they say themselves, "Visitor green fees had fallen behind those of our peer group."

So let's see just how a typical CASC club operates. The significance of Huddersfield is twofold. Firstly it is one that produces full accounts to Companies House so that we can see (and show you) exactly what they do and the fiddles they operate. Secondly the 2012 President of England Golf is a member there and now on their board of directors. So it shows just where England Golf stands on all these fiddles and the CASC golfing scam.

Huddersfield reports that they have 436 golfing men members and 84 golfing lady members. That's 520 in total. They then have 89 social/house men members and 43 house/social lady members, i.e. 132 social members. But to show they are a real community club helping grass roots golf they have 30 boys and 18 girls as members. That's pretty poor!

The full subscription for over 30s is over £1,000 and the joining fee 1 ½ times that.

Their accounts to the year ended 31st December 2011 make interesting reading to us, because we understand them. The annual subscriptions were £473,711. Their green fees were £82,124. The club operates the usual scam of recording these as "temporary members" to fudge the figures. The surplus on the bar was £32,784 and the surplus on food was £25,706. There is also some sundry income which is from things like tee sponsorship and open competitions.

So how should this club pay tax on those visitors' fees? It's all set out very clearly in the HMRC manual. This is it in a nutshell. The law is 100 years old – exactly.

If a member pays for his own guest it isn't taxable. It is just a member adding to the kitty. Tax is payable if a guest pays for himself, even if playing with a member, or for any other visitor. There are certain expenses allowable. That is based on the rounds of golf played by visitors as against the total.

The industry agreed a figure with the Inland Revenue of circa 40,000 rounds of golf in total. That's about right for Huddersfield. The total visitor fee income was £82,124. That's £98,548 including VAT. Like the other members' clubs they have recorded them as temporary memberships, which is the canny way of pretending they are non-taxable members' guests. But let's assume they are all visitors, which almost all probably are. And even if a guest, doubtless the guest had to pay for himself and we don't just mean because it is Yorkshire! That's the way they all work now. The guest pays for himself! Now with Huddersfield's fees of £55 to £80 now and a few discounts here and there let's assume their average visitor fee was £40 a round including VAT. Dividing £98,548 by £40 gives us a number of visitor rounds as 2,464. As against the total of 40,000 rounds that's 6.2% of all the rounds played. That means they are entitled to deduct 6.2% of certain expenses. That's the expenses of the golf course £290,463. But let's be absurdly generous and allow them 6.2% of all the expenses, other than depreciation. The total expenses are £560,226. So let's allow Huddersfield 6.2% of all those expenses – and that's £34,734.

Yes, now we see it. The green fees were £82,124 and the allowable expenses £34,734. And that gives a taxable profit of £47,390. Yes – that's taxable profit. What do Huddersfield record? Absolutely nothing! No tax paid. In fact they, like the Berkshire and the other members' club with the same scam, suggest they make a loss on visitors' fees.

And even if we are absurdly generous and say that 10% of the rounds of golf at Huddersfield are played by visitors the sums become £82,124 less £56,022 – leaving £26,102.

So to say there is no profit is a fiction. We say it is tax evasion. Not avoidance, but evasion.

And remember – this is typical. Just a regular CASC registered golf club, probably with below average green fees.

But Huddersfield Golf Club is typical in other ways. They have a substantial bar and catering operation. Many of the CASC registered members' clubs like to pretend they are members only – the “only for the members and their guests” illusion. Because they have presumably read and signed up to the CASC guidance notes which clearly say that the ordinary benefits of a members' clubs are:

- reasonable provision of post-match refreshments for players and match officials
- sale or supply of food or drink as a social adjunct to the sporting purposes of the club

That in anyone's language is self-explanatory, except of course to CASC registered golf clubs. Most of them hide behind the illusion of being for members only and simply have Club Premises Certificates, which preclude them from serving drink to visitors – other than members' guests there with a member or some member of another linked/similar club. Having got the license they don't take any notice of it. Ask those MPs at Walton Heath and Sir Hugh Stevenson at Swinley Forest and the members of Sunningdale Golf Club how they trade with Club Premises Certificates. It's all part of the illusion. And that's what most of the CASC registered clubs do; it's a sham.

But not at Huddersfield. Here they are completely open about having a very commercial business in catering and the bar. For the year ended 31st December 2011 they took £151,082 on the bar and £174,254 in food. That's net of VAT. That's £390,400 inclusive of VAT. They have a full Premises Certificate – open for business. When we phoned the two nearby pubs they were horrified at the level of Huddersfield Golf Club's catering and bar business. Remember CASC is only supposed to be

as a social adjunct to the sporting purposes of the club or as post match refreshments. That's presumably because CASC assumes the players play *sobre!* With the estimated 40,000 rounds of golf that's almost £10 per head spend per round of golf! So let's look at this some more! Remember this is a typical CASC club – that's the way they do it!

Here is what the Huddersfield Golf Club Company Accounts Report of 31st December 2011 said about their business:

“The marketing efforts throughout 2010 into 2011 have increased footfall in the club. This has significantly impacted revenues in both bar and catering.

Margins in the bar have also benefitted from the high proportion of visitors' spend which does not receive members' discounts.

Marketing

This has been a demanding year but we have been successful in exceeding our visitor green fee budget in what has been very difficult economic conditions for all golf clubs.

The website is a vital tool in our communications both to members and visitors and its success is evident by the 25,000 “hits” since the launch in April 2011 [i. e. in 7 months]

Visitor green fees had fallen behind those of our peer group and have been increased for 2012. This will enable the club to achieve greater net income from the visiting parties and from discount initiatives at quiet tee times. Increasing the number of visitors has had an important beneficial effect on bar and catering turnover and it is vital that we continue to focus on total revenue in this difficult market.”

So it is all very clear that Huddersfield is running a very substantial catering and bar operation which is open to all and is not a social adjunct to the playing of sport. It is a sham.

So how about the subsidy on business rates? Huddersfield Golf Club appears to have become CASC registered some time in 2005. The figure for rates and water in their accounts dropped from £40,368 in 2004 to £21,289 in 2005.

Their rateable value is exactly £102,000. Based on the present business rate multiplier at 47 pence Huddersfield gets a subsidy of an enormous £38,000 odd.

But fortunately more good news for Huddersfield is just around the corner. Of the 450 CASC registered golf clubs that this association has investigated 155 are fully open for business for weddings. They actively market them – in competition with our proprietary clubs, with hotels and conference centres. And Huddersfield even advertises that they have their special wedding co-ordinator, Anthony Curran.

But here is the really good news for Huddersfield, as they say on their website they have now been approved to hold Civil Ceremonies. And all that under the illusion of CASC and with those tasty subsidies and tax breaks. Here's what Huddersfield Golf Club says on their website about weddings.

“Congratulations on your forthcoming wedding

We are delighted that you are considering Fixby Hall (i.e. Huddersfield Golf Club) to be the venue for your special occasion.

At Fixby Hall we are also delighted to announce that we can now hold Civil Wedding Ceremonies.

Our aim is to exceed all your expectations and to make your special day as memorable as possible.

Before you have completed the half mile woodland drive to Fixby Hall you know that you have arrived at a very special venue. Fixby Hall makes a superb setting for a special event and our excellent facilities, spectacular surroundings, and expert service ensure you will have a day to remember.

The Hall is a Grade II listed building of charm and character, and its rich history can be traced as far back as the 18th Century. Charles Dickens is reported to have been a visitor to Fixby Hall!

The Centenary Hall caters for a reception for up to 120 guests or you can have a marquee on the extensive and attractive lawns at the front of the building and adjacent to the large terrace.

The terrace is a delightful area for you and your guests to enjoy a pre-meal drink, Pimms or Champagne, and a selection of canapés. It looks across to substantial banks of rhododendrons which, when in bloom, offer a spectacular sea of pink. The beautiful grounds offer a spectacular backdrop to the photographs of your special day.

If the weather has not quite gone to plan, the spacious and light conservatory entrance within Fixby Hall offers an attractive alternative for a reception area.

We can cater for a full day and evening wedding reception or an evening only.

We provide the opportunity for you to create a unique wedding breakfast menu on your special day.

Contact Anthony Curran our Wedding Co-ordinator on 01484 426203 option 3 to discuss your requirements.”

It sounds really lovely!

So what does our association of proprietary golf course owners say:

Firstly, Huddersfield is just typical of these CASC registered golf clubs.

Secondly, this CASC registration, like many others, was a fiction and we say a fraud on the UK taxpayer. The club, like the others, has completely failed to keep its income and trading from members and their bona fide guests separate from their trading with visitors. The catering is not a social adjunct to the sport but a huge separate business and the recording of visitors' green fees as temporary members and the failure to pay tax on them is very clear tax evasion. This club, like most of the others, had no right to register as a CASC. The guidance rules and legislation are clear and they are in breach of these conditions.

For 8 years this club has had a business rate relief of 80% and by our calculations that amounts to some £250,000.

In addition the club has obviously evaded tax on their visitors' fees, where there is a taxable annual profit in the region of £40,000 a year, based on rounds of golf. And that is being generous. In addition the club has made substantial profits on bar and catering and paid no tax on that either.

THE NEW TAXPAYER'S CHARTER

The Taxpayers' Charter is absolutely clear. This is what it says.

HMRC will:

Tackle people who deliberately break the rules and challenge those who bend the rules

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It continues:

The great majority of people are honest and get things right. We want to protect them from the effects of people deliberately breaking the rules. We will also challenge those who engage in avoidance, deliberately bending the rules. We will treat genuine mistakes, acting without reasonable care and deliberately misleading actions differently from each other.

We will:

- identify people who are not paying what they owe or claiming more than they should
- recover the money they owe and charge interest and penalties where appropriate
- distinguish between legitimately trying to pay the lowest amount and bending the rules through tax avoidance
- use our powers reasonably.

So that is what the Taxpayer's Charter says and this association is insistent that every CASC registered golf club is fully examined and a) made to pay the tax due and b) made to repay all the subsidies from the Business Rate relief, in most case fraudulently claimed.

Tax on those visitors' fees

And as a special note to HMRC and the Charity Commission – you take the green fee income, whether called temporary memberships or guests, you assume an 18 hole golf course does 40,000 rounds a year and a 36 hole course 70,000. Those are your figures. Remember that your own HMRC Manual BM24360 explains that golf clubs are likely to cheat that figure by understating total rounds. You then take the visitors' rounds. They will overstate these. Your manual BM24360 reinforces that they are likely to cheat on this. If they don't have accurate information of rounds played take the total green fee income and add VAT at 20%. Divide that by the advertised green fee rate on their website. To be realistic assume the average figure per round will be 80% of this.

Example: a club shows 100,000 in green fees in their accounts. That's £120,000 including VAT. Their website advertises a green fee rate of £50. Assume there will be some discounted rounds and assume an average of £40. Assume therefore that there are 2,500 green fee rounds i.e. 1/16 of their rounds of golf.

Watch for the additional scams of undeclared income. Almost all CASC registered golf clubs advertise for golf societies. That is where they wrap a package of golf and food together. In this case many will artificially load the food and reduce the green fees in order to under-declare green fees. That is

because they know that if HMRC does take a peek at them they generally ignore food on the assumption that it makes a loss!

Then allow expenses. Your rules are clear. Allow everything which is attributable to the visitor. Probably nothing. Allow that proportion of the expenses which relate to both, e.g. the greenkeeping and course maintenance.

Don't allow anything which relates only to the members. Now most CASC registered golf clubs only have a Club Premises Certificate and that precludes them from serving alcohol to their visitors other than members' guests. So if they only have the club premises certificate assume that all expenses from the bar are attributable to members!

And then apply the Taxpayer's Charter and claw back the tax and subsidies as you would to any other business.

THE SIZE OF THE GREEN FEE INDUSTRY

So what is the size of the green fee income? That is very easy.

The size of golf's green fee industry is an annual £550 million business. That's what official reports say.

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The Mintel Report on Golf in 2009 stated that there were 27.8 million rounds of visitors' golf played in the UK in 2008. At an average of just £20 per round this would account for an industry total of some £550 million. Actually that's more likely £30 a round and a possible £830 million. We estimate that 26% of these golf clubs are CASC registered. They are run as commercially in numbers of green fees as all other clubs. Based on Mintel the number of visitor rounds played at CASC clubs would have been 7.2 million, and worth some £140 to 210 million.

A Report from Sports Marketing Surveys Inc., dated February 2013 with 16 pan-European golfing bodies as stakeholders, reports average visitor fee income at clubs in the UK (and the Irish Republic) as €260,000 per club, i.e. around £180,000 ex VAT per club. This report was endorsed by the Professional Golfers' Association and England Golf and these figures can be assumed to apply equally to CASC golf clubs and non-CASC clubs. Yes, that's what the official report says – an average of £180,000 on visitors' fees. AGCO can demonstrate several CASC golf clubs where the individual visitors' daily green fee is over £100 and one at £175.

There is a huge industry of golfers playing at courses at which they are not members but paying green fees. They aren't golfers who are not club members; they are members touring around to experience other courses. It is this that separates it from other sports and in terms of CASC regulations has led to large scale abuse and tax evasion.

In other sports, for a non-member to pay a visitor's fee means that he is probably a very occasional player or one wanting to try a sport before becoming committed, joining a club and buying equipment. In golf, the visitors' fees – green fees - are paid by established golfers who enjoy the challenge of different courses. It is tourism on a grand scale.

So what do the governing bodies of amateur golf think of this money making on visitors' fees? They totally support it and promote it. They actively encourage golf clubs to maximise visitors' income – and that isn't just from people who don't belong to golf clubs. They actively promote golf members playing at other courses to bring more money to clubs.

Scottish Golf promotes a £10 discount card to give discounted green fees at 130 golf courses throughout Scotland, including various CASC clubs.

England Golf, through their county unions, supports and encourages this green fee industry. They describe it as a consortium of all the county unions providing members with a card to obtain discounted green fees at over 1,300 golf clubs in England, including almost all CASC golf clubs. This scheme is not to promote golf to new golfers or those who are not members of clubs. It is to promote golfers of one club to play at another. And in many counties it is compulsory for us to buy these England Golf cards for our customers. England Golf actively promotes this huge green fee income.

It is England Golf's own recognised and supported report from Sports Marketing Inc. from 2013 that puts the average visitor green fee income at a golf club at £180,000 per annum. And England Golf reports that the number of people playing golf is increasing.

SO WHAT IS ENGLAND GOLF'S STANCE ON THIS?

Where does England Golf stand on the distortion between member-owned golf clubs and proprietary clubs – that's the distortion in VAT, corporation tax and now CASC?

That's simple. England Golf describes itself as the governing body of English amateur golf and pretends to support all 1,900 golf clubs in England. In fact England Golf does not in any way support proprietary golf.

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In the 1980's they became alarmed at the idea of farmers and business people building and running golf courses. As far as they (at that time the English Golf Union [EGU]) were concerned there was no place for proprietary clubs. Up to then there were very few – Wentworth, Woburn, the Addington, a few with hotels – probably no more than 100. The EGU immediately fought the possibility of more proprietary clubs. They made a rule that no proprietary club, i.e. the course owner, could affiliate to the EGU. Instead each golf course owner was effectively side-lined by them as purely the land owners – like the landlords of a municipal course. Each new owner was required to allow/compel his customers/members to form their own members' club. The members' clubs had to have a committee, with certain officers, be run democratically without interference from the owner and to have their own AGM. These members' clubs at the proprietary courses became the affiliated clubs. No proprietor was allowed to affiliate his/her own business. And that is the way it remains. The interests of the members at proprietary clubs are often totally at odds with those of the owner. The owner needs to make the place survive; the customer wants cheap golf and he's the one England Golf supports to get it!

England Golf persists in supporting the distortion of VAT and CASC and totally favours member-owned clubs to the detriment of proprietary clubs. This can be seen from the report from England Golf on the CASC consultation. England Golf has shown a determination to protect their member-owned clubs from any suggestion of tax evasion and VAT avoidance schemes with the formation of a joint tax committee, aimed at scuppering the work of our association.

England Golf and the VAT avoidance scheme

Through their accountants, PKF, England Golf have supported and promoted a scheme for clubs to evade/avoid VAT on visitors' fees. The position is very clear. A subscription to a non-profit making members' club is VAT exempt. A green fee paid to a members' club is subject to standard rated VAT.

That is because the visitors' fee is considered to be additional income to the club and under VAT legislation is standard rated because it is considered to be in competition with proprietary clubs and would cause distortion if VAT exempt.

The case of Bridport and West Dorset Golf Club Ltd (a CASC club) i.e. The Bridport and West Dorset Golf Club Ltd v. The Commissioners for Her Majesty's Revenue and Customs, Case Reference: FTC/74/2011 is noteworthy in relation to CASC. Bridport GC together with 457 other golf clubs (presumably including many CASC registered ones) is appealing this and asking for a ruling that the green fees too should be VAT exempt. They are basing their argument on the fact that the green fees are core to their business, not additional. The case is going to the ECJ. In essence 458 golf clubs (standing with Bridport and West Dorset) are asking for a refund of VAT going back to 1st January 1990 and a ruling that green fees should be VAT exempt for the future. It is understood that the total claim in that case is for some £80 million. Other clubs – probably nearly all - have made independent claims and it is believed that the total claim by golf clubs is for a refund of VAT of some £300 million against green fee income of some £2.5 billion since 1st January 1990.

As this association has repeatedly pointed out the member-owned golf clubs have systematically evaded tax on their visitors' green fees because, quite simply, many have failed to declare that they were taking green fees, hiding them as though untaxable members' guests. The Bridport case has now alerted HMRC to the size of the trading in visitors' fees and failure to pay corporation tax. HMRC dealing with CASC registered golf clubs should ascertain whether the CASC clubs have made claims within the Bridport case as one of the 458. The HMRC solicitor dealing with the case is Richard Shaw (ref: richard.shaw1@hmrc.gsi.gov.uk). He can no doubt advise other departments of HMRC of claimants. If they haven't made claims within the case have they made claims separately? If so it will clarify just how much income they have been receiving from non-members and doubtless all but a handful will show income above the CASC income threshold.

But not content with that, England Golf, through their accountants, PKF, have taken steps to protect clubs on VAT on green fees just in case they lose out on the Bridport case. It is simple. The whole aim is to turn a visitor into a member. This has three advantages. Firstly, it means that the membership fee and then the green fee is VAT exempt. Secondly, by turning the visitor into a member there is more scope to evade corporation tax. In fact the HMRC manual is clear in that income from any membership less than full membership should be considered as additional income and taxed. But of course members' clubs are not going to do that. And thirdly, as far as CASC goes, making a visitor into a member gets round the CASC regulations and means the income from the green fees can be hidden as members' money.

So how does it work? PKF got a simple ruling (or publicised the ruling) from HMRC in connection with Didsbury Golf Club. Someone who pays an associate membership then gets a VAT exempt membership fee and the whole question was whether the associate member without any vote could still have a VAT exempt subscription. HMRC without seeing the scam unfolding in front of them agreed this was acceptable. We as AGCO have warned Customs and Excise/HMRC of the potential for this scam since 1994 but to no avail. The associate member can then pay a daily fee and that too is VAT exempt. That is simple in other sports. You belong to a tennis club and pay a membership fee and then pay a court fee each time you play. But that presupposes you are a proper member. With that ruling to hand PKF and England Golf promoted the idea of the scheme/scam and within weeks member-owned golf clubs throughout England and Scotland had adopted the non-voting associate membership scheme.

Add to that the fact that someone can be a life member of a club and then get the VAT free court fee every time he plays and the true scam unfolds. It is simple enough to turn a visitor into a non-voting, life associate member, and now the pittance of the associate membership fee is VAT exempt and so too is the green fee. Clever? We warned HMRC 20 years ago that this could happen and now it has.

We know of one club with a £5 life associate membership. That actually isn't a VAT saving scam in their case but it shows the potential. And then there is Teignmouth Golf Club with the £1 associate social membership. www.teignmouthgolfclub.co.uk Again not a VAT saver but a potential scam for CASC registration. But a membership for £1 just shows the depth of the potential scams of membership. Teignmouth, incidentally, charges green fees of £50 and £60 and has such a glamorous venue for weddings that they boast of having their dedicated wedding co-ordinator.

East Brighton www.ebgc.co.uk has one of the typical innovative flexible membership schemes with an associate membership giving points for use for rounds of golf. The holder of the flexible (associate) membership has no rights to vote, to represent the club, to play in certain club competitions. They get a 10% discount on the bar and is typical of the adventurous non-voting

flexible, associate golf memberships used to defeat the VAT man, and unless stopped to circumvent all the CASC regulations.

So what is England Golf's view of the distortion in tax and VAT in golf? They support it wholeheartedly. Several years ago the English Golf Union suggested that all members of a club affiliated to England Golf should automatically be associate members of every other affiliated club. That would have meant that 750,000 men golfers in England would have been non-voting associate members of every other club and the members' clubs would have avoided VAT on the green fees. Fortunately not enough clubs realised why it was being suggested and it didn't get adopted. But the scam was ready to operate and can still be operated by England Golf. For this reason the CASC regulations must clearly find any form of corporate membership unacceptable. It is a scam waiting to happen.

WEDDINGS TOO!

But back to Huddersfield. Surely the club is unique?

Well no. The whole operation at Huddersfield is just what happens at most of the other CASC registered clubs. The catering and bar operations are not simply social adjuncts to playing sport. 155 other CASC registered golf clubs advertise for wedding receptions. Many break the terms of the liquor licences in doing it – but when they happily break the CASC regulations and evade tax why worry about little indiscretions like a liquor license. After all if all the MPs belonging to Walton Heath are happy for that club to operate with a Club Premises Certificate why assume there is any need for honesty?

Weddings are very important to golf clubs. They aren't just for offspring of members but advertised widely to the general public. In fact the wedding and conference business is so important to golf clubs that it was taken into account in judging the golf manager of the year competition. Here's the report from the Golf Club Managers' Association on the work of the winner, Debbie Pern, manager at Deeside and a CASC club www.deesidegolfclub.com

“Weddings and conferences

Perhaps the most lucrative source of revenue for golf clubs away from golf has been from weddings and business conferences in recent years.

This became clear to anyone that followed the recent GCMA's Manager of the Year competition, in which two of the five finalists, including the winner Debbie Pern, redeveloped their clubhouses to ensure that they could host conferences.

Debbie, manager of Deeside Golf Club in Scotland, transformed an unused two-bedroom flat in the clubhouse into a 30-seat conference room that now attracts about six external functions per month and will pay for itself in six to eight years.

....Whether it is health clubs, golf simulators, accommodation, events, weddings, conferences or a whole host of other initiatives, there are, provided clubs carry out the necessary research and are creative, a host of ways they can make a significant return on their investment via non-golf offerings.”

Deeside is a typical money making machine for the members. Green fees for a visitor are £55 for a round midweek and £75 at the weekend, compared to the members' guest fee of £15 and £20.

So although Deeside's manager was voted GCMA Manager of the Year and the club actively markets its green fees and its conferences it is very secretive about memberships. In fact it doesn't say anything at all. So we cannot say whether or not it is affordable or accessible or open to all. And that's the way of many CASC golf clubs. They might be open to all without discrimination but nothing on their websites suggest this. And if the local riff raff and plebs don't know about CASC and know that the club is CASC registered there is nothing to encourage them to join.

But onwards with weddings – after all as the Golf Club Managers' Association puts it, those weddings are the most lucrative source of revenue outside golf.

So here is the list of 155 CASC registered clubs with a wedding business.

Adberdare Golf Club	Accrington Golf Club	Addington Palace GC	Alderley Edge GC
Andover GC	Appleby GC	Asnbourne GC	Ashby Decoy GC
Bargoed GC	Beamish Park GC	Barrow GC	Barlaston GC
Bedfordshire GC	Bolton Old Links GC	Bracken Ghyll GC	Billingham GC
Bentley GC	Bingley St Ives GC	Birchwood GC	Brampton GC
Blakley GC	Blackburn GC	Blackpool North shore GC	Blackpool Park GC
Brightmet GC	Bryhill (Barry) gc	Brookdale GC	Brockenhurst Manor GC
Brighton and Hove GC	Bullwell Forest GC	Caerphilly GC	Cannons Brook GC
Canterbury GC	Cardigan GC	Catterick GC	Chaple en le Frith GC
Cheadle GC	Chesham and Ley Hill GC	Chipping Norton GC	Chobham GC
Churston GC	Clacton on sea GC	Clandon Regis GC	Colne Valley GC
Conwy GC	Coombe wood GC	Cowall GC	Crook GC
Darwen GC	Dorking GC	Downes Crediton GC	Daventry GC
Deane GC	Duddingston GC	Denton GC	Didsbury GC
Dukinfield GC	Dullatur GC	Ealing GC	East Brighton GC
Erewash Valley GC	Eastbourn downs GC	Ellesmere GC	Ely City GC
Enfield GC	Epsom GC	Faversham GC	Feltwell GC
Folkestone and Hyth GC	Finchley GC	Fishwick Hall GC	Fulneck GC
Flint GC	Flixton GC	Gatley GC	Gillingham GC
Green Haworth GC	Grims Dyke GC	Glossop and District GC	Glynhir GC
Harpenden Common GC	Hartley Witney GC	Harwood GC	Haverford Forest GC
Henburt GC	Heworth GC	Hexham GC	Hinksey Heights GC
Horton Park GC	Houldsworth GC	Huddersfield GC	Immingham GC
Ilford GC	Keswick GC	Kirkbymoorside GC	Kirkintilloch GC
Knaresborough GC	Knowle GC	Langdon Hills GC	Largs GC
Leominster GC	Leyland GC	London Scottish GC	Maesteg GC
Marlborough GC	Mellor and Townscliffe GC	Merthyr Tydfil GC	Mickleover GC
Mill Hill GC	Mitcham GC	Morlais Castle GC	Morpeth GC
Mountain Ash GC	Neath GC	Newark GC	North Manchester GC
North Middlesex GC	North Oxford GC	Old Fold Manor GC	Perranporth GC
Outlane GC	Peacehaven GC	Potters Bar GC	Poulton Park GC
Prestwich GC	Ravensworth GC	Rhondda GC	Rishton GC
Richmond GC	Rothbury GC	Radcliffe on Trent GC	Rushmere GC

Ryton GC	Salford GC	Sandwell Park GC	Seaton Carew GC
St Neots GC	Skipton GC	St Deniol GC	Stocksfield GC
Tavistock GC	Teignmouth GC	The Great Lever&Farnworth GC	The Halifax GC
Halifax west end GC	Tredegar and Rhymney GC	Verulam GC	Walmsley GC
Waterton Park GC	Wells GC	Werneth Low GC	Weston Super Mare GC
Westwood GC	Whitehall GC	Widnes GC	Willingdon GC
Wilton GC	Withington GC	Worsley GC	

It is certainly worth looking at some of these CASC registered clubs and their wedding businesses.

Here's what Willingdon in Eastbourne says of itself:

Since the Clubhouse development took place in 2004, Willingdon have hosted all different types of occasions.

Examples of this are as follows:-

- Gold and Silver Wedding Anniversaries
- Christenings
- All day weddings and evening functions following weddings abroad.
- All age birthdays.
- Weddings with a “suckling pig roast barbecue”
- Jazz Nights
- Casino Evening
- Race Nights
- St. Patricks Day Night
- Pub Curry Nights
- Frank Sinatra Tribute Evening
- Roy Orbison Night
- Cameo Opera Evening
- Italian and Spanish Night
- Valentines Evening
- Country and Western Evenings

You will find us on the outskirts of Eastbourne, the holiday and conference centre of the South of England. Despite the often frantic pace of modern life, Eastbourne manages to retain a genteel charm borne of a less stressful age and is rightly proud of its title of the “Sunshine Coast” boasting more hours of sunshine on average than anywhere else in the UK.

Whether your are looking for a small informal buffet or a formal reception for your guests we can help to make your arrangements go as smoothly as possible.

Our experienced team of Chef Roger and his wife Lyn, and our Stewardess Lydia, and her Assistant, Steve, will do all they can to make your day a memorable one.

WE CAN OFFER

- Beautiful views of our spectacular course.
- Catering in our Marquess restaurant of up to 108 (with dance floor) or 118 (without dance floor)
- Extensive menus tailored to your requirements.
- Experienced, friendly staff.
- Disco or Band recommendations.

CLICK HERE FOR WILLINGDON'S WEDDING BROCHURE

<http://www.willingdongolfclub.co.uk/weddingbrochure2013.pdf>

Still – their rateable value is only £74,000 so just a saving of £27,000. But they are competing totally unfairly with some hotel or conference centre in Eastbourne paying full whack!

But that is small fry compared with Addington Palace in Croydon where, like Huddersfield they advertise a licence to hold civil ceremonies. All very open to the public. The name of the club. Addington Palace, tells you it probably isn't suitable to be CASC registered. And it isn't. Here's what Addington Palace says of itself. www.addingtonpalacegolf.co.uk

"Addington Palace - A Wedding Day to Remember

Celebrations with style and panache! For that most important day why not choose an intimate venue with a wonderful atmosphere and superb comfort and service.

Addington Palace Golf Club is licensed to hold Civil Ceremonies and Partnerships. We should advise you that it is the couple's responsibility to contact the registry office to check that a registrar is available on your chosen date. The designated Registrar's office is Croydon and they can be contacted on 020 8726 6300.

The grounds surrounding the Club House offer a perfect backdrop for your photos following the ceremony, before the guests adjourn to our attractive lounge bar for a pre-breakfast drink.

The original stables to Addington Palace, which surround the courtyard, (once home to the Archbishop of Canterbury) have been tastefully converted over the years and present an idyllic setting to relax and enjoy your memorable day.

Our restaurant can comfortably seat 80 guests with full service for the ceremony and wedding breakfast, and up to 100 for your evening buffet reception.

Should you wish to view the Club's facilities, request a wedding pack or require any further information please telephone our Club Administrator, Kim on 020 8654 3061 option 2."

Sounds very nice!

Oh, and of course, Addington Palace operates the usual scam of having a license to hold civil ceremonies (and so open to the public) and yet doesn't have a proper liquor license – just the Club

Premises Certificate. Croydon Council confirmed that – the reference is 06/11147/LICLUB. That way they keep up the sham of being a members' community amateur sports club.

The legislation on having a Club Premises certificate is pretty clear and there must not be any arrangements for anyone to receive a financial benefit from supplying alcohol. Of course when the members get their discount card and the general public pays more that benefits the members and it shouldn't happen. But that is the least concern of their scams!

Whether it is affordable, who knows? The annual subscription is £1,550. Their rateable value is £127,000 so they get that useful business rates subsidy of £46,000.

Still although that is plenty, the fees of their near neighbour, Langley Park Golf Club, make Addington Palace seem cheap. At Langley Park the membership fee is £1,500 with a joining fee of £1,500. The £3000 to join is certainly not affordable by the average person in Croydon and Bromley. But what Langley Park does have is the traditional artisan section with a subscription of just £540; that's for the butcher, the baker and the candlestick maker.

The rateable value at Langley Park is £151,000. It would be £159,000 but they get £8,000 off because the course straddles a public road! So by our calculations they get a subsidy of £56,896 in business rates – and this a CASC. But Langley Park certainly doesn't throw all this money and subsidy into the juniors or promoting golf for the community. Their junior subscription at £330 is one of the highest in the country.

But at least Addington Palace and Langley Park do show details of memberships and make it look possible to join even if you can't afford it. And probably most people in Croydon couldn't. Those poorly educated little idiots who looted the odd pair of trainers when Reeves Furniture Store was set alight delight in the title of "The Croydon Looters". But really stealing at that level and getting a criminal conviction for it pales into insignificance with the subsidies and tax scams operated by these two CASC registered golf clubs! To be honest – they are the real Croydon Looters! But remember, Government Ministers think they are akin to a charity and deserve public support!

ACCESSIBLE TO ALL

But Addington Palace and Langley Park aren't the most expensive on membership fees. Ealing Golf Club seems to take pride of place on that with a subscription of £1,835. www.ealinggolfclub.com and green fees at £42 and £47. Fortunately the riff raff can get nice cheap golf nearby at Harrow Hill Golf Course for £9.20. So really Ealing seems surplus to requirements as a CASC registered club to support the community.

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Ealing Golf club openly says: "We treat visitors as "members for the day" with full access to the clubhouse facilities (offering drinks and excellent daily bar menu, as well as full restaurant service)."

That reference to "members for the day" will no doubt be so that they can hide them as members' guests and evade the corporation tax on those green fees. But they are openly commercial with no pretence of being a private club – well not for any other reason than getting their disgraceful CASC status. Ealing Golf Club has a full Premises licence and so they should. They offer an extensive wedding business with seating for 120 for the wedding breakfast and 170 for the disco. Room hire is advertised at over £1,000 and they openly tout for meetings and conferences – and all in the name of CASC. Their rateable value is £133,000 and so they get a tasty subsidy on business rates of just over £50,000.

Still, at least these clubs put on a front of being open to the community. That's not like Huddersfield where the whole membership process and fees are well hidden from prying eyes and anyone who might want to join.

There are still several CASC registered golf clubs where the message about equality hasn't hit home. Ellesmere Golf Club www.ellesmeregolfclub.co.uk has a men's subscription of £799 and £545 for ladies. At other clubs ladies and wives of members still get reduced subscriptions and children are only likely to be able to join if a relative belongs. But we don't care about that. It will be the ladies who like to be discriminated against in this way! Still it may not be quite what CASC has in mind!

One of the best examples of a golf club's ideas of open to the community is the membership process at East Devon – that's Budleigh Salterton to the enlightened – and one of England's renowned snobbiest clubs! It is worth downloading their astonishing membership application form from their website . www.eastdevongolfclub.co.uk . It is a look back in time!

In summary, candidates for membership have to be proposed and seconded by voting members of the club over the age of 23 who must have been voting members for at least 2 years. The applicant pays a non-refundable deposit of £100 to go on the waiting list and is then allocated points, length of time on the list, relatives who are members, golf handicap and service to sport. The joining fee is then £1,000 – except fortunately for those serving in the Royal Marine Commando Training Centre at Lympstone. They don't have to wait to join and don't pay the joining fee. Perhaps the members feel threatened by the commandos! But to be clear, once they are no longer in active service their joining process starts again, complete with joining fee. Of course this club is unique – completely unique; but only because of the Royal Marines. It says everything one needs to say about CASC registered golf clubs and their disgraceful subsidies.

East Devon Golf Club is in a tourist area. What they sadly don't have is holiday accommodation. Remember that a CASC should only provide the normal benefits of a sports club to their members and guests. And the catering and bar should only be a social adjunct to enjoying the sport.

But although East Devon doesn't have its own holiday accommodation to subsidise the members, plenty of other CASC registered golf clubs do. Here is just one of them.

Bigbury GC in Devon www.bigburygolfclub.co.uk has its own holiday bungalow for 4 people with a weekly fee of £900 for the week. How do they record that for CASC? Perhaps they call it rent to keep it out of the system!

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But it isn't just at the seaside that CASCs have their accommodation businesses. Brampton Park Golf Club in Huntingdon www.bramptonparkgc.co.uk is one of the others – with accommodation for 4 people in the clubhouse, bed and continental breakfast at £60 etc.

And then when you look at Scotland and Wales – well plenty of these CASCs offer accommodation and plenty of services way outside the scope of the CASC regulations.

FRIENDLY ACCOUNTANTS

So weddings are obviously quite a part of all this. The interesting thing is how the firms of chartered accountants involved with these clubs view their non-CASC activities. One wonders how the accountants for Huddersfield Golf Club can sign off those accounts with a clear conscience. It's simple, they are all at it.

Let's look back at the Bridport and West Dorset case. That's the one where 458 golf clubs are trying to get their VAT back on green fee income back to 1st January 1990. Bridport as a reminder is CASC registered. Seemingly Walton Heath with the discounted fees for MPs is also part of that case. They make mention of how useful a refund of VAT would be so probably they are in on it. But the case is being taken by KPMG, the accountancy giants. They are acting for all those clubs, probably without realising that the clubs have probably all cheated on their corporation tax and never paid tax on those green fees – disguised as “temporary memberships”. The trouble is that KPMG themselves are party to the fraud and tax evasion on visitors' green fees. We have reported them to the Institute of Chartered Accountants for England and Wales and to HMRC. But obviously no one will dare touch them! This isn't to do with a CASC registered club but in their reporting with Clitheroe Golf Club for whom they have been auditors for some 20 years. But it shows the way in which accountants wrongly deal with golf club accounts.

KPMG acts for Clitheroe Golf Club and have been their auditors for over 20 years. Clitheroe Golf Club has a substantial trade for visitors' fees and should pay tax. In 2010 their accounts show that they took £93,621 of visitors' fees plus a further £37,561 in open competitions. That's £130,000. It's taxable. In 1996 Clitheroe's visitors' fees were £99,950. Let's assume that's some £2 million of visitors' fees since 1990.

So what about tax? It's simple. They have fiddled it and never paid tax on these fees. In every single year KPMG has recorded the following disgraceful and untrue statement in their company accounts:

“The company enjoys the status of an incorporated club and as such the liability to corporation tax only extends to investment income and chargeable gains.”

No KPMG. Tax is payable on trading with outsiders and on green fee income. The rules are clear. This is clear cut tax evasion. and prosecutions should follow. Presumably Clitheroe GC, like most, will now be claiming a refund of VAT back to 1990 on this £2 million odd, with KPMG acting for them. And doubtless there are many CASC registered clubs as a party to the claim in the Bridport case with KPMG acting for them too.

Thanks to KPMG most CASC registered golf clubs will have made their claims for VAT refunds and told HMRC the level of their previously undisclosed visitors' fees! It is a veritable can of worms. Having seen the way KPMG misrepresents the tax position of Clitheroe we suggest HMRC is prepared for similar naughties with the CASC registered clubs.

KPMG isn't the only firm of accountants playing games with golf club accounts. One particular firm in Hertfordshire, Hillier Hopkins, openly brags that they act for some 30 golf clubs, invariably manage to agree some form of mutual trading status for them and are dab hands at making sure none of their golfing clients pay any tax. It isn't of course clear which CASC registered clubs they act for.

This is what Hillier Hopkins www.hillierhopkins.co.uk say about their 'service' to golf. It's all on their website with partner and advisor to the golf industry, Robert Twytle. www.hillierhopkins.co.uk/specialist-sectors/golf-clubs

“Golf clubs

We act for over 30 golf clubs in our local area and advise clubs throughout the UK. We have a great deal of

The Association of Golf Course Owners (1993) – A company limited by guarantee. Registered in England and Wales.
Co. No. 8414445. Directors: RG Noades, VI Saunders OBE, AJ Sutcliffe

experience of the different types of golf club structure and their associated accounting requirements. We also specialise in advising clubs on Community Amateur Sports Club status and how this can affect clubs finances.

Taxation Services

We act for many golf clubs regarding their corporate taxes and have been involved in many negotiations with HMRC regarding taxable status. For members clubs we have in almost all cases been able to either agree mutual trading status or a profit calculation method which reduces taxable income to zero. We have then been able to advise on tax strategies going forward to maintain that status.”

One CASC registered club that Hillier Hopkins acts for is Verulam Golf Club in St Albans.

www.verulamgolf.co.uk The subscription is £1379 without any additional joining fee, but there is a compulsory bar levy card of £125 which gives a discount of 15%. In other words, as is standard in nearly all golf clubs the visitors subsidise the drink costs of the members.

Verulam also advertises its exceptional wedding business. This is what Verulam says of itself:

“Wedding Receptions

Verulam Golf Club has the facilities to host the perfect wedding reception either with a full silver service dinner for up to 120 people, or a buffet for up to 200 people.

Whether you hire a band or a disco, the dance floor is ideally situated so that everyone can see the happy pair have their first dance together as a married couple. Also, our fully stocked bar caters for all tastes.

In addition, we have a magnificent patio area just outside the dining room. This is an excellent place to have those ‘once in a lifetime’ photos taken with the beauty of our golf course as the back drop.

We can provide a champagne reception and 3 course meal at very reasonable prices with the flexibility to fulfill your requirements whatever they may be.”

It would be interesting to see just how Hillier Hopkins deals with all that extra trading income. And then of course there are the green fees from £25 to £47.50 and golf societies up to £84. The club offers a reciprocal arrangement with ten other golf clubs, where the clubs pay members’ guest rates of £20. In the green fee book or bookings one can expect this to show as members’ guests to escape/evade corporation tax.

Remember Hillier Hopkins say they are experts in advising on CASC and they also usually achieve a situation where their golf clients pay no tax. With the bar levy card they should be able to determine exactly how much of the food and drink is paid for by members and how much is paid for by visitors.

Verulam has their Ryder membership for US citizens domiciled in the USA. The cost is \$500 per annum. This, in terms of HMRC corporation tax rules, would fall short of a full membership and should be taxable. It would be interesting for HMRC to see just how this membership is recorded.

One thing Verulam surprisingly misses out on is corporate memberships for local companies. But there are plenty of CASC clubs offering those. It’s simple. There are all sorts of packages where companies can belong to the golf club. We say this completely offends the concept of a CASC registered golf club. Here are a few simple examples of what is on offer:

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Co. No. 8414445. Directors: RG Noades, VI Saunders OBE, AJ Sutcliffe

Mitcham Golf Club www.mitchamgolfclub.co.uk has a corporate membership at £3400 plus VAT. But that is small fry compared to some.

Grantown on Spey www.grantownonspeygc.co.uk is another typical CASC club with its corporate membership at £3,995. Again just small fry but not quite in the CASC philosophy. So it doesn't need to be near London!

St Neots – www.stneotsgolfclub.co.uk advertises extensively for its corporate memberships – 8 rounds a month at £1,500 plus VAT and reciprocal arrangements at 12 other clubs. Page | 25

There are many, many more.

But all that pales into insignificance against the corporate memberships at CASC registered Murcar Golf Club, in Scotland where the corporate membership fees advertised run up to £8,100 plus VAT www.murcarlinks.com

Yes, £8,100 plus VAT. But with green fees at Murcar of £96 that seems good value.

So where do England Golf stand on the tax evasion and CASC scams?

Actually that's clear. They openly support it and happily condone the distortion between member-owned clubs and proprietary clubs.

In a recent public interview this is what David Joy the CEO of England Golf said when asked whether there should be a level playing field on tax:

"I would not be in favour of the private members clubs being taxed in order to level the playing field."

And that reinforces what we as an association say. The governing bodies of golf are right behind the member owned clubs who openly evade tax. David Joy the England CEO says so.

WHAT IS A NON-PROFIT MAKING CLUB?

So what exactly is a non-profit making golf club? It isn't anything to do with working in the public interest, being philanthropic or doing anything for the good or interests of anyone but the members. The disaster for proprietary golf clubs is that English law only seems to recognise a non-profit members' club or a profit making proprietary one.

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It isn't always easy to see whether a club is a proprietary club or a members' club. The distinction is, of course, crucial. The first type – us – cannot get VAT exempt memberships and we can't get CASC status and the tasty subsidies on business rates. The second – the members' club can. In golf there are several that are very dubious in their formation and status.

One CASC registered golf club that should raise alarm bells is "The Bedfordshire" at Stagsden. www.bedfordshiregolf.com This started life as Biddenham Golf Club plc and then changed its name and structure to be Biddenham Golf Club Ltd. company no. 03307940. This club has a structure of shares and a member can opt to pay £849 and buy 4,000 shares, or £899 and buy 2,000 shares or not have shares. Shares were initially bought as investments and there are many shareholders who are not members and members who are not shareholders. It appears to be a form of proprietary club and the whole VAT exemption and CASC status is questionable. We say it's a sham and not unique. The club has the addition of an academy course and driving range open to the public that bring in funds to subsidise the members' subscriptions. The club also advertises extensively for weddings, conferences and all manner of outside trading and has large function rooms specifically for this. This club is in our view a major fraud on the VAT and CASC system.

The rateable value of this club is £142,000 and at 47 pence in the pound the rates should be £66,740. The club saves £53,392 in business rates through this disgraceful CASC registration.

So we say the interpretation of being a non-profit making club just because of what the constitution says is flawed. The Treasury Secretary keeps referring to all this profit as a "surplus" and we seem to have a problem explaining it all!

Carlisle and Silloth – the reality of profit!

However, judges have got to grips with it and they did so 100 years ago in the Carlisle and Silloth Case. *Carlisle and Silloth Golf Club v. Smith* (1912) 6 T.C., 48 and 198; *Carlisle and Silloth Golf Club v Smith* 6 TC 198, [1913] 3 KB. HMRC acknowledge that is the law and recite it in their manuals BM 24350/60

And here are what the judges said of golf and visitors' fees 100 years ago – in the High Court and then the Court of Appeal:

EXTRACTS FROM THE CARLISLE & SILLOTH JUDGMENTS – still the law, HMRC says so!

Hamilton J (KBD)

"Whether there are any profits or gains derived from the business is another matter, but the first question is whether it can be said to carry on something that can be called a business for the special purposes of income tax duty or not and I think on the whole I must decide that it does.

"The next thing that has to be noticed is that these strangers themselves are to pay green fees for the benefits that they enjoy. They are admitted to the clubhouse as well as to play upon the course, and that seems to me to be a feature outside the ordinary scope of what this club is found to be, an ordinary, bone fide members, club. It is no doubt part of the functions and activities of the members of the club to entertain strangers but not to entertain strangers who pay their own shot, but to

entertain strangers who are the guests of the club or introduced by and the guests of members of the club. it therefore is quite a special feature in the course pursued by this club

"I think therefore at the outset the club has, for considerations sufficient in its own view, annexed to its ordinary enterprise of a golf club the rendering of services systematically to strangers for the purpose of obtaining among other advantages to itself the revenue that those strangers provide."

Court of Appeal

Buckley L.J.

"If it were necessary (which it is not) to decide whether the club were carrying on 'an adventure or concern in the nature of a trade' I am of the opinion that they were. To determine this question it is not the character of the person who carries on but the character of the concern which is carried on that has to be regarded. If a landowner laid down upon his land a golf course and charged fees for admission and user that is to say, the links were a proprietary golf links carried on with a view to profit – there can be no question but that the proprietor would be assessable. The adventure of maintaining golf links and charging for the use of them is an adventure or concern in the nature of a trade.

"A person', said Lord Macnaghten in *Tennant v. Smith* 1892, Appeal Cases 164, 'is chargeable for income Tax not on what saves his pocket but on what goes into his pocket. 'These words are satisfied. The association puts into its pocket the sums received from visitors.'

"For the determination of this case, it is only necessary to say that the club as an association (like the proprietary owner of a golf links) is receiving payments from third parties, and that balance of profits or gains after debiting against those receipts such sum as may be proper by way of expenditure is a profit going into the pocket of the club in respect of which it is assessable."

Kennedy LJ

"It is not, therefore the common case of a golf club which admits to the use of its accommodation players who are introduced by a member or are approved by the club committee and who, upon such introduction or approval, and upon payment according to the rules of the club, are admitted to the privileges of members, according to the rules of the club, for some specified period. It is not necessary to decide the point, but in such a case, I am inclined to think the persons to whom such privileges are accorded might fairly be regarded as becoming for the time, members of the club, subscribing to its funds. But upon the facts appearing in the case, it appears to me that this club is really carrying on the business of supplying to the public for reward a recreation ground fitted for the enjoyment of the game of golf, and that the receipts derived from this business are in the nature of profits and gains in respect of which it is liable to assessment for Income Tax.

What be clearer than that? They may be classified as non-profit making – but they make profits and the profits are taxable. It's the law. It has been for exactly 100 years.

So what does HMRC say about profit?

What does HMRC in terms of VAT say about profit and non-profit making clubs? In the VAT (Sport, Sports Competitions and Physical Education) Order 1999 –aimed solely at proprietary golf the wording reads:

The Association of Golf Course Owners (1993) – A company limited by guarantee. Registered in England and Wales.
Co. No. 8414445. Directors: RG Noades, VI Saunders OBE, AJ Sutcliffe

An “eligible body” means a non-profit making body which a) is precluded from distributing an profit it makes, or is allowed to distribute any such profit by means only of distributions to a non-profit making body and b) applies any profits it makes ... to a non-profit making body.”

We are talking utter lunacy of how the non-profit making body distributes the profit it isn't making! There is a point where this needs to go to Europe for them to unravel. The Dutch seem to understand our language better than they do so perhaps they can unscramble this for us!

In Kennemer Golf & Country Club v Staatssecretaris van Financiën (Case C-174/00) – a VAT case this dealt completely with the profit making activities and motives of supposedly non-profit making golf clubs with the decision that one must look at all their activities and note purely their constitution – looking at covert distributions. We maintain and continue to maintain that golf clubs consistently aim to make a profit and they distribute those profits by way of a covert distribution to reduce membership subscriptions.

Reported evidence in VAT tribunals in the Bridport and West Dorset Case - TC01214 Appeal TC/2009/12226 -and the earlier Keswick, Silloth on Solway, Carlisle and Grange over Sands Golf Clubs case from 1998, decision 15493 (MAN/97/330), (MAN/97/329), (MAN/97/331), (MAN/97/332). Both the representatives of Bridport and the representatives of Keswick made it absolutely clear that the reason for achieving as much green fee income was possible was to keep the membership subscriptions down. The representative from Keswick recited that the income from green fees was approximately 1½ times that of membership subscriptions. Keswick is a CASC registered golf club, presumably still with its green fee income substantially more than its subscriptions. As an association trying to compete with these people we despair.

But let's look again at the case of Carlisle and Silloth and the judgment from that. The Carlisle and Silloth Golf Club allowed its members to have guests and they came to the club free of charge. But the case led to the ruling that green fees (where there were any), paid for by the member for his guest, were simply additions by the member to the club kitty and were not taxable. The assumption was that the member's guest in effect took on the qualities of a kind of member for the day – a temporary member.

This is where the scam of calling visitors “temporary members” comes from. It is a method of attempting to disguise a visitor paying for himself as a guest of a member which would not be subject to tax. This is what the big, smart clubs all do. Call it “temporary memberships” and hide it from HMRC and pretend it isn't happening. There is a distinct difference between a guest (who the member pays for) and a visitor.

This is what the Captain of the Berkshire Golf Club said in the Report of the club filed at Companies House for the year ended December 31st 2009.

“In 2009 a total of 5963 visitors played the courses as guests of members of the Club. This means we last year led round this record number of our friends and colleagues, a testimony I believe of the quality of the courses and to their high standard of presentation through the year, as well as to our own pride in the improvements at the Club over the last three years.”

We say that this is not just testimony of the quality of the golf course but testimony of the disgraceful fraud and tax evasion at golf courses, pretending visitors are guests of members and evading tax on the lot. In every single year we have investigated the Berkshire Golf Club they disgracefully pretend to have made a loss on some £800,000 of visitors' fees, pay no tax at all and

even offset the supposed losses on visitors' fees against their rent and other income. Of course the Berkshire is not CASC registered but it is indicative of the fraud within the members' golf industry. Their accountants, Arnold Hill of Northumberland Avenue, London WC2N 5AP are also the accountants for Swinley Forest. That's the one where Sir Hugh Stevenson signed off the accounts with £500,000 of visitors' fees (using the same temporary membership sleight of hand) and paid no tax. But with HRH the Duke of York as a member and Farrer and Co, the Royal Family's solicitors on board who will dare tackle them!

ENGLAND GOLF AND THE CASC CONSULTATION – WHAT IS A GUEST?

Let's look at Question 23.

Do you agree the definitions of a guest proposed in paragraph 6.9 of Chapter 6? If not, what alternatives would you suggest and why?

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This is what the England Golf response says, prepared by Craig Wagstaff, their finance director.

A "guest" is a well used and understood term within golf. Members of golf clubs can sign in guests of the club to play golf with them on that occasion and to enjoy the facilities of the club for that occasion.

Guests can also be visiting groups or societies or visiting teams. Individual guests and societies will pay a fee to the club, although this will usually be a reduced guest fee.

England Golf would not support the introduction of this definition of a guest and the requirement for guests to play free of charge within a club is neither desirable or possible.

So there we have it from England Golf. They do not distinguish between guests and visitors and that is how the tax evasion is operated – pretending all these visitors and societies are guests. Golf hides their visitors as guests and here is the Finance Director or England Golf confirming just what we say.

We totally support the definition of a guest and totally support the idea of a guest going to the club free of charge – other than payment of the same court fee etc a member might pay for a squash court etc.

And as for the questions about the options – this is what England Golf's finance director says of **Option 1**

This may appear to be a simple option but would require clubs to differentiate between member and non-member income in food and beverage for example and could be administratively burdensome. Not simple either as often participant insurance requires visitors to be classified as temporary members for the duration of their time at the club.

We say that this response supports entirely what happens in CASC registered golf clubs. They fail to keep the income from members and non-members separate. England Golf clearly confirm this to be the case. Mr. Wagstaff was the treasurer of a CASC registered club for a time. This is shocking.

In the response to **Question 28** England Golf responds – It would not be envisaged that clubs would have an issue with separating the income streams as they should do this in the preparation of accounts or tax returns. With options 1 or 2 clubs would likely have to move non-member or non-sporting income into a separate trading subsidiary company causing more administration, costs and VAT complexities.

The guidance notes for CASC at 12.2 and 12.7 clearly say that the clubs get corporation tax relief if the trading income from non-members is less than £30,000 and that, to assess this, all the income from non-members must be separated. We say that HMRC and the Charity Commission should see this response as evidence of the breach of the CASC registration requirements by all CASC registered

golf clubs taking green fees from the general public. (By our calculations that excuses Aquarius, Avro, Horton and Knighton Golf Clubs – but precious few others.)

NOTTS GOLF CLUB – A CASC CLUB DEREGISTERED!

So let's look at the Notts Golf Club at Hollinwell. The reasons for this are simple. The club managed to register for CASC, during 2004 to get their subsidy on business rates. The club is renowned to be the most discriminatory against women in England. The ladies have their own little club, Notts Ladies, of associate members which pays Notts Golf Club a contribution. Ladies are not accepted in the club. One former British Women's Open Champion who was a member of Notts Ladies was firmly despatched from the club for daring to be practising putting before the be-witching hour of 12 noon. Another lady who was the mother of a member of the Cambridge University team, playing a match at the club, dared to attend as a spectator to see her son in action. She wasn't allowed to get out of the car. But despite this, Notts managed to make what can only be assumed to have been a fraudulent application for CASC registration.

The accounts for the year ended 31st December 2003, prepared by PKF the same accountants as England Golf and Sunningdale, showed that the club managed to hoodwink HMRC into believing that they had made a loss on green fees in the years 1996 to 2002 and records that they got a tax refund. We say this is indicative of clear tax evasion and as HMRC warn in their own manuals member-owned golf clubs are likely to be dishonest over the total rounds played on the course and the total rounds of visitors' fees. We say this indicative of shameful dishonesty. Disgraceful!

So let's look at Notts in 2003. The membership subscriptions were £305,450 and the green fees £170,513. (In addition there was £48,392 from the ladies – but let's forget that). The total expenditure on everything was £621,892. So how should the tax be calculated? We believe the green fee rate at Notts for 2003 was at least £40, so let's say an average of £30 plus VAT. Divide £170,513 by £30 and that gives us a roundage of golf from visitors of 5,684. The total rounds of golf at Notts would have been at least 40,000 – the HMRC/Sports Council figure. So we can safely say that around 14% of rounds at Notts were played by visitors. Taking 14% of all the expenditure of £621,892 (and some of it wouldn't come into the equation) that would have allowable expenses of £87,000 – leaving a nice, tasty taxable profit of £83,513.

And then of course some of that expenditure wouldn't have been allowed and the income from the ladies – being less than full members – should have come into play.

But that isn't what Notts Golf Club shows. They pretend the whole green fee income makes a loss and their accountants have in some way hoodwinked HMRC into believing there are losses. Now frankly why would golf clubs take green fee players – nasty, slow players, who can't play well – unless to make a profit. Oh and the business rates were £27,928.

By December 31st 2004 Notts Golf Club was CASC registered and we say that HMRC and the Charity Commission is duty bound to review their accounts. The fraud and tax evasion on green fees continued. By now the total subs to 31st December 2004 were £326,656 with green fee income of £179,724 – and then the ladies with their contribution, i.e. additional income of £49,328. As a reminder the club was now CASC registration with its supposed non-discrimination. The total expenditure of the club was £622,722 – their business rates having shot down from £27,928 to £8,412 thanks to the fictional CASC registration. So if we use the same percentage as 14% of the rounds of golf being from visitors that would give allowable expenditure of 14% of £622,722 i.e. £87,180. And that's being generous to the club. That would leave another tasty profit of £92,544 on which tax should have been paid. Instead the club hoodwinked HMRC into thinking they had made yet another loss!

By this time, Craig Wagstaff, Finance Director of The English Golf Union had been voted onto the Notts Golf Club committee and became club treasurer in 2007.

So here is a report of a CASC registered golf club for the years 2005, 2006 and 2007.

2005 – membership subscriptions - £337,170, green fees £183,028, total expenditure £649,681. We still assume 14% of rounds of golf are from visitors and that is generous. We make the same calculation, allowing 14% of expenditure, i.e. £90,955 against the green fees, leaving the tasty taxable profit of 92,073. And that isn't accounting for the ladies' contribution and that some expenses wouldn't be allowed. Tax paid? Of course not. And the business rates just £6,585.

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2006 - membership subscriptions - £353,397 green fees £179,522, total expenditure £684,731. We still assume 14% of rounds of golf are from visitors and that is generous. We make the same calculation, allowing 14% of expenditure, i.e. £95,862 against the green fees, leaving the tasty taxable profit of just £83,660. And that isn't accounting for the ladies' contribution and that some expenses wouldn't be allowed. Tax paid? Of course not. Actually it looks as though they got a tax rebate of £9,000. And the business rates just £6,843. Someone was being very dishonest or stupid!

2007. For this year until 12th November 2007 Craig Wagstaff, Finance Director of England Golf, was the Notts Golf Club treasurer. The accounts to the year ended 31st December 2007 did record that they had withdrawn from CASC but there was little detail. It must have been late in the year because the business rates were just £7,496.

For 2007 the membership subscriptions were £374,558 and the green fees now £199,275. In addition Notts received a facility fee of £17,900 from the Royal and Ancient for hosting a major event. So that puts green fees in total at £217,175. By now the individual green fee had risen in cost so we still allow a figure of 14% of rounds of golf being by visitors. Total expenditure was £690,622. Taking 14% of that is £96,687 – leaving an exceptionally good profit of £120,482. As for tax paid – well of course not.

So those are the accounts of a CASC registered club with what can only be described as a fraudulent registration and sizeable tax evasion.

And as we point out again, this is with the England Golf Finance Director on their committee for part of that time, as club treasurer for part of the time and PKF the accountants for England Golf acting for them.

So what actually happens to a club that de-registers, either because they accept they are doing something very, very wrong or because they get rumbled?

The simple answer is that absolutely nothing happened to Notts Golf Club. There was clearly no clawback of the rates subsidy which saved them in excess of £100,000. Later accounts are clear.

We say that the Taxpayer's Charter is clear and there should be a claw back. And if Notts are making a claim for a refund of VAT on green fees – perhaps to 1st January 1990 – HMRC should ask some very serious questions.

CASC GOLF IN SCOTLAND

Many member-owned golf courses in Scotland have substantial businesses in visitors' green fees. This allows them to subsidise their membership fees.

We say that the green fee business at some CASC registered Scottish golf clubs is clear abuse and should be investigated.

The Scottish Golf Union, the governing body of men's amateur golf, is clearly aware of this and we are shocked at the obvious abuse they support.

We make no apology for naming and shaming two CASC registered Scottish Golf clubs and members of the Board of the Scottish Golf Union who are members of the clubs.

Royal Dornoch Golf Club - www.royaldornoch.com

The annual subscription at Royal Dornoch is £447. The club has a major championship course and number 2 course. The club charges £175 for a daily green fee on the championship course and we understand from a reliable source that their green fee income is in excess of £600,000. The club is disgracefully CASC registered. We assume that the turnover from green fees is substantially more than the income from members' subs.

Scottish Golf Union Board member and Performance Director, Stephen Docherty, is listed as a member of Royal Dornoch. This is what the SGU says of Stephen Docherty.

Stephen is a fund Manager and Head of Global Equities for Aberdeen Asset Management where he has worked for the past 18 years and is responsible for the management of billions of pounds of clients assets invested in his team's strategies.

We say that HMRC should fully investigate the financial affairs of Royal Dornoch, remove its CASC status and recoup any underpaid corporation tax and any subsidy in business rates, with penalties.

Nairn Golf Club www.nairngolfclub.co.uk

Nairn is a major championship golf course near Inverness with a wealthy membership. The club was founded in 1887 and has 1,500 members of various categories. It is rated number 9 in Scotland's top 100 golf courses.

Nairn charges £150 for a visitor's daily green fee. This clearly subsidises the members' subscriptions. There are no details of the membership fees on the Nairn website. We assume the subscriptions are low as a result of the trading income.

Nairn has its own self-catering holiday accommodation, the Greenkeeper's Cottage, which is advertised on its website. "Prices range from £240.00 for a two night minimum stay, £330.00 for a three night stay up to £595.00 for a seven night stay. Visitors who stay at the cottage can use the facilities of the clubhouse during the whole duration of their trip. Golf can be arranged and is subject to availability with prices from £240.00 for a tee time for 4 people." Nairn also promotes itself through tour operators.

SGU Board Member, and Director of Marketing and Business, Michael Clark OBE, is a member of Nairn. This is what the SGU says of Michael Clark OBE. “Michael is a much respected businessman in the North East, having been Managing Director then Chairman of International Fish Cannery since 1992, overseeing 400 employees and an annual turnover of £36 million. He is also Vice Chairman of the Grampian Food Group and a Director of Scottish Enterprise Grampian.”

We say that HMRC should fully investigate the financial affairs of Nairn, remove its CASC status and recoup any underpaid corporation tax and any subsidy in business rates, with penalties.

Murcar Links Golf Club, Aberdeen www.murcarlinks.com

Murcar Links advertises on its website - Voted as the Golf Tourism Scotland “Course of the Year – 2007”. Membership at Murcar is £770 plus compulsory development and bar levies.

Murcar also advertises and promote corporate memberships with fees from £2,000 to £8,100 plus VAT.

The green fee at Murcar is £96 as against £18 for the guest of a member playing with the member.

Nairn Dunbar Golf Club www.nairndunbar.com

Nairn Dunbar has a visitor’s daily green fee rate of £70 as against a membership subscription of £513. The club is so commercial for visiting green fees that it advertises on its website in Chinese, Japanese and Spanish. Nairn Dunbar advertises itself as part of Highland Golf Escapes,

“Five of Scotland’s best courses have joined together with 3 great hotels to offer a golfing experience that can only make every golfer anticipate the new season with a spring in their step.

James Braids wonderful Brora, Golspie and Boat of Garten courses, along with the delightful Tom Morris designed Tain course and the excellent Nairn Dunbar are in partnership with the Royal Marine Hotel in Brora and the Morangie House and Mansfield Castle Hotels in Tain to offer superb value golfing holidays through their “Highland Golf Escapes”

Dunbar Golf Club www.dunbar-golfclub.co.uk

This course has a daily visitor’s fee of £85 to £105 as against a membership subscription of £500. The green fee business clearly subsidises the members’ green fees and is profit-making.

These are just examples of Scottish golf clubs where there is clear abuse of the CASC scheme, with the clubs having large commercial operations to subsidise the members’ subscriptions. We assume that there is systematic evasion of tax on green fees as there is in England. We insist that HMRC and the Charity Commission reviews the green fee income of all CASC golf courses in Scotland and assesses the corporation tax due on the basis of the Carlisle and Sillioth and HMRC rules.

We accept that there are a few legitimate CASC registered golf clubs in Scotland, run on a voluntary basis. But the five listed above show the level of abuse at some CASCs.

It raises the simple question of what is affordable? Is CASC really saying that a £447 sub at Royal Dornoch is OK and affordable because the visitors are paying? We think this is wrong.

CASC GOLF IN WALES

AGCO has contact with and support from all but two proprietary clubs in Wales. There is considerable concern at the subsidy of CASC and the distortion caused. Their golf market for proprietary clubs is, they say, a disaster.

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We highlight three of the top Welsh Championship courses, all CASC registered, and all of which we say are abusing the CASC registration and probably evading corporation tax on their trading in visitors' fees.

Aberdovey Golf Club www.aberdoveygolf.co.uk

Aberdovey is one of the leading championship courses in Wales and has a visitor's daily green fee of £67.50 as against an annual subscription of £550, with a £550 joining fee. The visitor fee income clearly subsidises the members' annual subscriptions and is profit-making. Guests playing with a member get a 50% reduction.

The club states: We require all visiting players to be a member of a CONGU-affiliated, bona-fide golf club and to show their handicap certificate before playing.

Accommodation: Aberdovey has had its own dormy house accommodation since 2006 and charges £165 for a 2 night golf break, bed and breakfast with golf of £165 per person. This is aimed at making a profit to subsidise the members' golf, competes against proprietary golf clubs and local hotels, with its subsidy on business rates. We believe there will be substantial tax evasion on visitors' fees.

Pyle and Kenfig - Swansea www.pandkgolfclub.co.uk

This is a well-known championship course and one of the best in Wales. It has a weekend visitor's one round green fee of £75 as against a membership subscription of £760. The visitors' green fees substantially subsidise the membership subscriptions. The weekend fee for a members' guest is £30.

In addition Pyle and Kenfig has its own dormy house accommodation for visiting golfers. This is an additional profit making business to subsidise the subscriptions. The dormy house has four executive or twin bedded rooms, to accommodate 8 people. The room and breakfast rate is £75 per night and a 2 night golf break £190 per person.

The website states about accommodation: "Your traditional Welsh breakfast and other meals are served in the Clubhouse where Dormy guests have access to satellite television and the bar facilities as temporary social members of the golf club". We assume that this "temporary membership" is a method of evading tax on the income from accommodation, and attempting to comply with CASC and the Licensing Act.

The club actively promotes its catering to the public, being able to cater for 120 people for a buffet and 80 people for a dinner or function.

Royal St. David's – Harlech – www.royalstdavids.co.uk

This is one of the major championship courses in Wales. The visitor's one round green fee is £55 mid-week and £65 at weekends. This is profit making to subsidise the membership subscription.

Royal St. David's boasts a 5 bedroom dormy house to accommodate 8 people at £40 per night including breakfast or various packages including 3 nights stay and 3 rounds of golf at £220 per person.

The club also advertises: Weddings, Parties & Corporate Groups

The club can accommodate up to 100 people for dinner, dance and other group functions, with a host of options available from a snack to full dinner service.

Royal St. David's does not show any details about the possibility of joining the club, with no details of who to contact, the cost of membership or the method of application. It appears closed to potential members but very much open for business to visitors and holiday makers.

There are many other CASC golf clubs in Wales. One such golf club – Knighton – appears to be a genuine candidate for CASC registration. We suggest that the above three golfing CASCs are abusing the regulations in terms of the profit making businesses and clearly their food, catering and accommodation businesses are not run as “social adjuncts” to playing sport. We believe HMRC and the Charity Commission will find extensive tax evasion at these three clubs in terms of the corporation tax which should be paid on the visitors' fees. We would suggest looking for the misrepresentation of visitors' fees as “temporary memberships” to suggest the fees are for guests paid for by members, when clearly they are for visitors/strangers.

The CASC abuse and subsidy on rates is causing severe distortion with the AGCO clubs in Wales.

Northern Ireland

Just to add something about Northern Ireland. CASC and mandatory rate relief hasn't happened there as yet. They are desperate that it doesn't. We, as an association, have had contact with all of the proprietary clubs in Northern Ireland and met with one of their MPs in Westminster. Things are desperate there too!

SO WHAT IS THE WAY FORWARD FOR CASC IN GOLF CLUBS?

The simple fact is that we support the idea of the small village sports club operating to give children and the general community the opportunity to play sport. But in golf it is a disgrace. England Golf pretends to pay lip service to the proprietary sector, forming and liaising with something they call the UK Golf Course Owners Association, started as the Golf Course Owners Association (England) Limited, number 06739813. The UKGCOA has made an attempt to represent proprietary golf in this consultation. In the letter from their CEO, Andrew Lloyd Skinner, dated 9th August they suggest:

“Remove golf from the list of eligible sports for CASC and provide the estimated £12 million in business rates relief currently, in the form of a targeted grant to England Golf and the other home golf unions, as the recognised representative bodies for amateur golf, for them to distribute according to the community focused criteria as they see fit.”

Our association, which has been operating for 20 years and represents the interests of real proprietary golf courses and clubs, totally disassociates itself from that statement. That is not the view of proprietary golf. That is England Golf trying to protect its position>

These are our proposals:

1. We have demonstrated in this report that there has been large scale tax evasion by CASC registered golf clubs, in England, Scotland and Wales. We have shown that the evasion on corporation tax on green fees has been astonishing. We insist that HMRC now reviews the claims made by all CASC registered golf clubs for VAT on green fee income, either in the Bridport case or individually. This will give figures of trading income which they have failed to declare for corporation tax. We insist that HMRC now applies the Taxpayer’s Charter and recovers corporation tax from each of these clubs. Where they have failed to make any attempt to do the requisite tax calculations – which we say will be all of them – we insist that corporation tax is charged on all green fee, plus interest and penalties. And where clubs have asked HMRC to re-open their accounts for the VAT refunds, (in many cases to 1st January 1990), that HMRC in turn re-opens their accounts for corporation tax purposes.
2. Our second proposal is that HMRC now recovers the business rate relief from all CASC registered golf clubs that a) have clearly failed to separate members’ income from visitors’ income of all kinds – that will effectively be almost all of them b) have systematically broken the rules on bar and catering being as a social adjunct to sport etc by operating businesses for weddings and conferences. We have provided the list of all with this wedding income. We say that they should all be de-registered and benefits and subsidies clawed back.
3. Our third proposal and in effect a requirement is that HMRC is forced to hold a consultation and investigation into the corporation tax treatment of visitors’ green fees. We have shown the tax evasion and, we say, fraud at member-owned golf courses. Sunningdale and the Berkshire are clubs with enormous green fee income where there is clear abuse, evasion, immorality. The accounts of CASC registered clubs, Notts and Huddersfield are clear. In Scotland you have Royal Dornoch charging a green fee of £175. Their payments of tax, if any, should be reviewed. We have pushed for the Public Accounts Committee to review the corporation tax issues with golf clubs. They seem reluctant to do so. The Treasury Secretary, David Gauke, simply suggests that all this income is a “surplus”. We have clearly shown that it is profit. We say, reliably, that in the claims for refunds of VAT back to 1990 it will expose that member-owned golf clubs have between them taken some £2.5 billion in visitors’ fees

and effectively collectively evaded tax on the lot. Our proposal is that this should be referred to the Public Accounts Committee for a full investigation, with accountants and club chairmen asked to explain themselves. We suggest that HMRC starts by interviewing Sir Hugh Stevenson. He is after all a member of the Cabinet Office's ACOBA and find out exactly what he says about the tax treatment at Swinley Forest. Very simply, when there were no proprietary clubs and these member-owned clubs cheated the system, there was no one to stand up to them. But this adversely affects all our businesses. If we cannot get a review by the Public Accounts Committee and some redress we seem to have no option but to ask for a judicial review or to take the matter to Europe.

4. Our fourth proposal is that HMRC re-writes the regulations on the taxation of visitors' fees at golf clubs. The method of calculating profit in relation to rounds of golf is being abused and not operated correctly if at all. For clubs such as the Berkshire, Sunningdale, Notts and many others to say they make a loss on vast green fee income is too far-fetched. We ask that HMRC now concede that the only correct and reasonable way to calculate tax on visitors' fees at golf clubs is to allow a percentage as expenses – we say it should be 5%. Effectively for these clubs to have 100 to 200 rounds of visitors' fees a week costs virtually nothing – 50 pence for scorecard and green fee ticket. We say that the only fair and reasonable way is to allow 5% across the board, for any green fee other than one which they can prove was paid for by the member for his own guest playing with him.

In terms of the Consultation

As to affordability we say that any figure of say £1040 must also be related to the financial rate for using the premises as a visitor. We have shown you CASC registered Royal Dornoch charging £175 for a visitor against £447 for their subscription. We say that the visitor fee should be no more than £10 per visit for any sport – unless there is some inherent cost, perhaps boat launching or some disposable fee (archery or shooting targets) which apply to members as well.

Option Two – the basic income test

We say that that would be open to scams and schemes, with clubs simply franchising out catering activities. We would, however, like to see it in conjunction with Option One, to limit the total turnover of CASC registered clubs for any business operating from the club's premises. Even then we can see golf courses hiving off bits and pieces. The holiday lodges and hotel accommodation would be separated and so on. They would be turning various linked businesses into other operations. England Golf are already saying that is what will happen.

To our mind the only acceptable option is **Option One – the members' income test**.

We agree that there should be a limit on turnover for non-members of 20% of the total incomings to the club with a cap of £25,000. Actually we would like to see an either or calculation for any clubs falling foul of option one or option two.

However, we can safely say that if this were adopted CASC registered golf clubs would collectively invent schemes to combat it. After all we have shown that the visitor fee industry for green fees is worth, according to the official report, £180,000 per golf club – CASC registered or not. The collective industry for the CASC registered clubs including all the revenue from green fees, weddings, accommodation and the food and bar could be well in excess of £300 million a year. They are not going to go quietly.

Firstly, membership must be clearly defined. We have shown the scam of the non-voting associate member, publicised by England Golf and PKF in relation to Didsbury Golf Club. If not stamped on the £1 life associate member will soon emerge. We suggest that membership must be clearly defined:

- Every member of whatever category, playing or social, over 18 [or 16] must have a vote, not just be entitled to join a class of membership but actually have a vote
- Every member should fill in an application form and be properly accepted for membership, with at least 3 days elapsing before they become a member – something in line with the Licensing Act 2003
- Every member's name should be recorded on the club records as a member
- Every member should be entitled to hold office in the club, and to receive the company accounts and to receive notice of and attend any AGM or EGM
- Every member should be entitled to represent the club in the sport of the club, subject only to ability and not to class of membership
- Every member should have an interest in the club funds from time to time during his membership – though this of course is subject to CASC rules re dissolution
- There should not be any form of group/corporate or reciprocal membership but only membership for bona fide individual members, each with the above rights.

We are concerned at the possibility of corporate members and the loophole it would allow. If not stopped, golf clubs will operate a corporate membership giving company Blog a membership. As part of the scheme company Blog would be able to make its employees or customers associate members, continuing to produce added income to the club without being from genuine members.

We repeat that the English Golf Union wanted to make every member of one of their clubs an associate member of every other club – that was a proposal for 750,000 men to have associate memberships at 1,900 clubs.

We are concerned about reciprocal arrangements. Club A has a reciprocal arrangement with Club B whereby all Club A's members are reciprocal associate members of Club B. It is already in place and will be used to circumvent any members' income test.

We believe this will only stop the scams and schemes if regulations are absolutely clear.

We believe that the affordability test must include not just the membership subscription but the use on a daily basis. If that isn't done it will still be open for a golf club to have their £5 associate membership, with all the other caveats in place, and then to have a daily play fee of over £100 as many do. We believe the affordability test should be £1040 and equating the £20 a week and participating twice a week that would give a maximum daily play fee for a non-member of £10.

Further Report

We have made a full review of every single CASC registered golf club that we can find from the HMRC website in England, Scotland and Wales and will be submitting a further report to Bootle which sets out the tax evasion and irregularities – as a separate issue to this consultation.

We repeat that we are now insistent that something is done to redress this situation and eliminate the distortion CASC is causing to proprietary golf clubs. We take the view that the subsidies and tax advantages cannot be lawful.

APPENDIX 1 – MORE INFORMATION RE **BRIDPORT AND WEST DORSET**

The Bridport and West Dorset Golf Club Ltd v. The Commissioners for Her Majesty's Revenue and Customs, Case Reference: FTC/74/2011

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Claims on visitors' fees by CASC golf clubs

We believe that almost all member-owned golf clubs have asked for a refund of VAT for the past four years. We believe that almost all CASC registered golf clubs will have made a claim for refunds of VAT on visitors' green fees since 1st January 1990 or for the last four years.

As an example, at Bridport and West Dorset GC the accounts for year ended 30th September 2011 show that the club had membership subscriptions of £313,107 with visitors' fees (described as temporary memberships) of £82,941.

From the Bridport case we say that HMRC and the Charity Commissioners should review any VAT refund claims made by CASC registered golf clubs because:

- Each of these clubs is saying that the visitor fee income is not additional income but crucial to the club
- It will show the level of visitor fee income. We say that these clubs have failed to declare this visitor fee income for corporation tax. We say it will expose very considerable tax evasion.
- It will demonstrate that most CASC registered golf clubs have substantial trading with non-members and are run commercially
- It will show that the CASC clubs are not run "for their members and guests only ..."
- It will show that CASC clubs have failed to keep income from members and non-members separate

The Bridport Evidence

The Evidence in Bridport and West Dorset reported in the decision at the Lower Tribunal Appeal number: TC/2009/12226, read as follows:

Mr Willcox told me that the appellant set out to attract as many visitors as possible, compatible with the capacity of the course. Some played only once, for example while on a golfing tour, but others played frequently. In particular, regular visitors to the area, which attracts a lot of tourists, might play several times each year and some local residents chose to pay green fees rather than an annual subscription. A golfer paying a green fee had exactly the same playing experience as a member, and was able to use all the facilities of the club. However, members did have some additional rights, in that they were, while others were not, entitled to discounts from the normal charges at the bar and the driving range, and when hiring buggies. Most, but not all, classes of members also had voting rights, which were not available to non-members. There were some competitions open to all players, but others to members only.

The appellant set the annual subscription and the green fees at a level designed to meet its estimated overheads; the budget was calculated, Mr Willcox said, on the assumption of certain levels of income from subscriptions, green fees and other sources such as the bar. He accepted that

in the accounting year ended on 30 September 2009 the green fees amounted to £90,132, or 18.7% of the appellant's total income of £481,517, while the membership subscriptions accounted for £271,478, or 56.4%. The bulk of the balance was made up of bar profits; other activities contributed relatively small sums. Mr Willcox agreed that these figures were typical, and that subscriptions amounted to about three times as much as green fees each year but, he said, green fees nevertheless represented a substantial proportion of the appellant's annual income, without which it would not be able to survive.

We ask that HMRC and the Charity Commissioners obtain a report on all CASC registered golf clubs that have made claims under the Bridport case or separately and review their level of visitors' fee income. It will undoubtedly uncover substantial corporation tax evasion.

APPENDIX TWO

CASC REGISTRATIONS – LARGE AND INCORRECT

The following clubs are just example of clubs with very substantial clubhouses, expensive memberships and we say are not in the spirit of CASC. This is not an exhaustive list!

	Website
Addington Palace	www.addingtonpalacegolf.co.uk
Arkley	www.club-noticeboard.co.uk/arkley
Ashbourne	www.ashbournegolfclub.co.uk
Bingley St. Ives	www.bingleystivesgc.co.uk
Bedford and County	www.bandcgc.co.uk
Bedfordshire	www.bedfordshiregolf.com
Bigbury	www.bigburygolfclub.co.uk
Blackmoor	www.blackmoorgolf.co.uk
Bolton Old Links	www.boltonoldlinksgolfclub.co.uk
Brampton Park	www.bramptonparkgc.co.uk
Brighton and Hove	www.brightonandhovegolf.co.uk
Canterbury	www.canterburygolfclub.co.uk
Carlisle	www.carlislegolfclub.org
Chipping Norton	www.chippingnortongolfclub.com
Clandon Regis	www.clandonregis-golfclub.co.uk
Clevedon	www.clevedongolfclub.co.uk
Datchet	www.datchetgolfclub.co.uk
Dunbar	www.dunbar-golfclub.co.uk
Dyke (Brighton)	www.dykegolf.com
Ealing	www.ealinggolfclub.com
East Brighton	www.ebgc.co.uk
East Devon	www.eastdevongolfclub.co.uk
Eltham Warren	www.elthamwarrengolfclub.co.uk
Enfield	www.enfieldgolfclub.co.uk
Epsom	www.epsomgolfclub.co.uk
Erewash Valley	www.erewashvalley.co.uk
Faversham	www.favershamgolf.co.uk
Finchley	www.finchleygolfclub.com
Girton	www.girtongolf.co.uk
Grange Park	www.grangeparkgolfclub.org
Grim's Dyke	www.club-noticeboard.co.uk/grimsdyke
Huddersfield – extraordinary!	www.huddersfield-golf.co.uk
Kingsthorpe	www.kingsthorpe-golf.co.uk
Knebworth	www.knebworthgolfclub.com
Knowle	www.knowlegolfclub.co.uk
Langdon Hills	www.golflangdon.co.uk
Langley park	www.langleyparkgolf.co.uk
Letchworth	www.lechworthgolfclub.com
London Scottish	www.londonscottishgolfclub.co.uk
Mill Hill – look at jazz club	www.millhillgc.co.uk

Mitcham	www.mitchamgolfclub.co.uk
Machrihanish	www.machgolf.com
Murcar	www.murcarlinks.com
Nairn	www.nairngolfclub.co.uk
Nairn Dunbar	www.nairndunbar.com
North Middlesex	www.northmiddlesexgc.co.uk
Peterborough Milton	www.pmgc.org.uk
Old Fold Manor	www.oldfoldmanor.co.uk
Potters Bar	www.pottersbargolfclub.com
Pyle and Kenfig	www.pandkgolfclub.co.uk
Radcliffe on Trent	www.radcliffeontrentgc.co.uk
Royal Cromer	www.royalcromergolfclub.com
Royal Dornoch	www.royaldornoch.com
Royal St David's	www.royalstdavids.co.uk
Royston	www.roystongolfclub.co.uk
St. Neots	www.stneotsgolfclub.co.uk
Saffron Walden	www.swgc.com
Saltford	www.saltfordgolfclub.co.uk
Shirley Park	www.shirleyparkgolfclub.co.uk
Sidcup	www.sidcupgolfclub.co.uk
Southfield (Oxford)	www.oxfordgolfclub.net
Teignmouth	www.teignmouthgolfclub.co.uk
Verulam	www.verulamgolf.co.uk
West Middlesex	www.westmidxgolfclub.co.uk
Willingdon	www.willingdongolfclub.co.uk

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