

Bar or Trading Separation

We work with the Charity Commission and advise on their publication CC27 - Providing Alcohol on Charity Premises.

- Does the bar in your community building comply with Charity, Tax and Licensing Law?
- Do the trading activities that you undertake comply with both Charity and Tax Law?

In most circumstances charities cannot run a bar or trading activity on a regular basis without committing a breach of trust and incurring a tax liability. *"... exercising a trade that is not connected (other than financially) with the furtherance of the objects of an institution is not generally compatible with charitable status ... The profits of any such trade (regardless of the scale of the trading) will potentially be liable to tax...."* Charity Commission booklet CC27, Providing Alcohol on Charity Premises.

For most charities there is no choice: you must separate your bar and trading from the charitable activities of your organisation. Simply keeping a separate set of accounts or having a bar sub-committee is not enough.

"If the trustees want to provide the facilities of a pub or social club on their premises, whether for financial or other reason, they should transfer the administration of the bar to a separate body." Charity Commission booklet CC27.

Many community associations operate bars by setting up a separate trading company limited by shares, or a registered social club. Both of these models offer limited liability to the company directors/committee members.

Community Matters has successfully undertaken over 400 specialist bar separations on behalf of charities.

Our bar separation package includes:

- up to 3 face to face consultancy meetings
- use of our model Memorandum & Articles/Rules
- Company formation undertaken by our solicitor
- all negotiations with the Charity Commission and Companies House or Financial Services Authority.
- full cost and registration of the trading subsidiary
- telephone hotline for urgent enquiries
- individual help with all paperwork

The complete package costs £2,500 + VAT