

APPENDIX D

FINANCIAL REPORTING INITIATIVE STEPS 3 and 4

Arrears – A Club will be deemed, for the purposes of this Regulation, to have Arrears if it has not, by 31 August and 28 February (collectively the ‘Reporting Dates’) of each Membership Year, Satisfied in Full its liability to HMRC in respect of PAYE/NI and VAT as shown in the table below.

Reporting Date	HMRC liability required to be Satisfied in Full (PAYE/NIC)*	HMRC liability required to be Satisfied in Full (VAT)*
31 August	All PAYE/NIC incurred up to 31 May	All VAT up to quarter ended either Mar/Apr/May
28 February	All PAYE/NIC incurred up to 30 November	All VAT up to quarter ended either Sept/Oct/Nov
*For the avoidance of doubt, this refers to all amounts incurred and outstanding in respect of PAYE/NIC and VAT		

HMRC – Means HM Revenue & Customs or other such government department(s) that may replace the same.

PAYE/NI – Means any and all payments required to be made by the Club in respect of income tax and national insurance contributions

Embargo – as defined in the Rules .

Satisfied in Full – Means where a Club has:

- Paid in Full all its Arrears; and/or
- entered a Time to Pay Agreement and scheduled payments are current with HMRC in respect of all its Arrears.

Time to Pay Agreement – means an agreement in writing between the Club and HMRC in relation to the repayment of arrears to HMRC in respect of PAYE/NIC and VAT

VAT – Means any and all payments required to be made by the Club in respect of Value Added Tax.

1 Introduction

- 1.1 This document forms the basis of the Financial Reporting Initiative (‘FRI’) as enabled by Rule 41 of the Competition Rules (‘the Rules’).
- 1.2 Each Club that is a member of the Competition shall be subject to the requirements of the FRI, as set out from time to time in this document.
- 1.3 Any breach of the terms of the FRI shall be dealt with in accordance with the terms of the FRI and the Rules of the Competition.

1.4 The FRI came into effect on 16th June 2012. The sanctions set out at Section 3 below shall apply with effect from 26th August 2020. This version was amended on [enter date of Council ratification 2021]

2 Procedure

Initial Reporting

2.1 By 31 August and 28 February of each Membership Year (collectively 'the Reporting Dates'), each Club shall submit the following information to the Competition:

- (i) a mandate signed by a duly authorised club signatory granting the Competition consent to discuss its tax affairs directly with, and receive information from, HMRC, such consent to take the form as prescribed by the Competition from time to time (31 August only);
- (ii) whether they are registered for PAYE/National Insurance and/or VAT, and if so, what their registration numbers are (31 August only);
- (iii) A copy of the Statement of the Club's current position for PAYE/NI at 31 May or 30 November respectively obtainable from the Club's account with HMRC On line services or failing that a written confirmation from a third party (eg the Club's payroll processor) of the Club's PAYE/NI position at 31 May or 30 November that is acceptable to the Competition;
- (iv) A completed form in such format as the League shall decide disclosing:
 - The Club's total liability to HMRC in respect of PAYE/National Insurance as at 31 May and 30 November respectively, analysed by month;
 - The Club's total liability to HMRC in respect of VAT as at the VAT quarter end date most recently ended before the reporting date, analysed by quarter;
- (v) Any other relevant information that the Competition may require.

2.2 Forms must be submitted in either hard copy or by email to the League office by 5pm on the relevant due date. All documentation must be signed by two authorised signatories of the Club. Clubs must retain a copy of all documentation submitted to the League.

2.3 In considering the application of this Rule, the Board shall adopt such procedures and take such action for the determination of any matter, dispute or difference as it considers appropriate.

Ongoing Reporting

2.4 A Club will be required to Satisfy in Full its Arrears on or before each Reporting Date.

2.5 Any Club that has failed to Satisfy in Full its Arrears on or before each Reporting Date must notify the League of this fact by 5pm on the Reporting Date.

2.6 Any Club that defaults on a Time to Pay agreement must notify the League of this fact within five working days.

2.7 Any Club that is subject to a Time to Pay agreement is required to advise the League of any payments made under the terms of the Time to Pay Agreement within 5 working days of making such a payment and provide evidence of the payment.

3 Sanctions

3.1 Any Club that fails to provide some or all of the documentation detailed in clause 2.1 shall be subject to an immediate Embargo.

3.2 Any Club that:

- by each Reporting Date, has failed to Satisfy in Full its Arrears; and/or
- defaults on a Time to Pay agreement;

shall be subject to an immediate Embargo until such time as the Arrears are Satisfied in Full.

3.3 Any Club that:

- fails to notify the League that it has not Satisfied in Full its Arrears on or before any Reporting Date; and/or
- fails to notify the League that it has defaulted on a Time to Pay agreement within five working days of the default occurring;

shall be subject to an immediate Embargo and shall be subject to such additional sanction as the Board or Sub-Committee detailed at Section 4 shall decide.

3.4 The Embargo referred to at paragraphs 3.2 and 3.3 above shall not apply where the Arrears total £500 or less.

3.5 Any Club that fails to comply with the reporting requirements of paragraph 2.7 above shall be subject to a sanction determined by the Board or the Sub-Committee detailed in Section 4.

3.6 In the event of a Club breaching any of the requirements of this Rule, and being found guilty of Misconduct, the Board reserves the right to impose any penalty it deems appropriate, including, but not limited to, the withholding of central funding to any Club.

4 Sub-Committee

4.1 A sub-committee may be duly appointed and authorised by the Board of the Competition to consider and determine such matters pertaining to the FRI ('the Sub-Committee'). Such Sub-Committee may comprise representatives of the Board, League executive and any independent person that the Board may deem appropriate.

4.2 In the event that a Club is subject to an Embargo under the provisions of paragraphs 3.1 to 3.3, the Club may be required to appear before the Board or Sub-Committee. The Board or

Sub-Committee will meet with the Club not more than 21 days after the Sanction date at a time, date and venue of the Board or Sub-Committee's choosing.

- 4.3 The Sub-Committee, where appointed, shall have the power to recommend to the Board that they suspend any Embargo imposed under paragraphs 3.1 to 3.3 or make modifications or apply any conditions thereto such as they deem appropriate.

5 Other Matters

- 5.1 In considering the application of the FRI, the Board or its duly appointed Sub-Committee shall adopt such procedures and take such action for the determination of any matter, dispute or difference as it considers appropriate.
- 5.2 In the event that a Club believes that it is subject to specific circumstances that are not reflected in the initiative, they must report these circumstances immediately to the League. Such circumstances may include, but not be limited to, the following:
- a club not being registered for PAYE/NI or VAT with HMRC;
 - a club having an arrangement in place with HMRC to make PAYE/NI and or VAT payments on a basis other than the standard terms as set out in the relevant legislation, regulations or guidance in force from time to time;
 - a club being subject to an HMRC assessment;
 - a club having an amount in dispute with HMRC.

In such circumstances, the Board or the Sub-Committee reserves the right to request any necessary supporting documentation and to impose any additional or varied reporting requirements on such clubs as it deems appropriate.

- 5.3 The Board or Sub-Committee shall have the right to inspect or duly authorise an independent agent or The FA to inspect the books and records of any Club in assisting it in determining matters pertaining to the Initiative.
- 5.4 Clubs will have the right to appeal any decision by the Board or Sub-Committee pertaining to the application of the FRI. Such an appeal will be subject to the conditions laid down in Rule 17 of the Competition.
- 5.5 For the avoidance of doubt, any Club that has become a member of the Competition through promotion, relegation or by any other means is required to comply with the provisions of this Rule in its entirety.