**Platinum Membership**

**A New Approach**

1. **Background/Objectives**
	1. This paper follows on from discussions at the ECF Council meeting in April about the structure of platinum membership
	2. The question was raised as to whether, given that platinum membership offers little by way of tangible benefit, it could be restructured to recognise that it is in part a way for ECF members to make a voluntary donation for the benefit of chess in England.
2. **Outline Proposal**
	1. To start with a negative, it should be made clear that there is no intention to seek charitable status for the ECF. I do not wish to re-open that debate and I do not see that it could be obtained anyway.
	2. Also, there is no current intention to seek to convert any element of the bronze, silver or gold memberships into charitable donations. These membership levels reflect different levels of service provision and provide one of the main sources of income for the ECF. One of the hallmarks of charitable donations is that they are essentially gratuitous which is not consistent with being linked to service provision.
	3. However, we would like to convert platinum memberships into charitable donations to the Chess Trust to the extent that the membership fee exceeds the gold subscription.
	4. The suggested approach to achieve this would be:
* There is no platinum membership as such in the sense of paying a membership fee in return for services.
* The only service which platinum members receive which is not provided to gold members is a free copy of the ECF Yearbook.   Under the revised approach, where a gold member upgrades to platinum, the upgrade results from a donation to the Chess Trust with the ECF providing a copy of the yearbook on a discretionary basis.    In that case, there is no service received by the member from the Chess Trust in return for the upgrade donation.
	1. The intended effect is that there would be no service provided by the Chess Trust so from its point of view, it is receiving a donation for no consideration which should not undermine either its charitable status nor prevent the donation being deductible for the individual making the payment
1. **Benefits**

*Nature of the Payments*

* 1. While there are tax benefits, this approach recognises the nature of platinum membership for what it is, namely a mechanism to allow voluntary payments to be made to support English Chess.
	2. It also results in greater flexibility of payment amount – a minimum level for recognition as a platinum member would need to be set but higher contributions could be accepted and factored into the donation forms.

*Tax*

* 1. In addition, there are tax benefits:
* The contributions should be tax deductible for the payer.
* The receipt should not be taxable for the Chess Trust.
* The payments should not attract VAT (irrespective of the impact of the ECJ decision).
1. **Impact Assessment**
	1. Before being implemented, the impact of the changes would need to be assessed.
	2. Payments made to the Chess Trust could only be used for Chess Trust purposes. They could not be reapplied to meet general ECF expenditure. The financial cost to the ECF (being broadly the combined excess of Platinum membership fees paid over the combined Gold membership fees for those members) will need to be assessed and factored into future ECF budgets.
2. **Practical Steps**
	1. In order to proceed, the Board should consider and approve (or otherwise) the intended approach, subject to:
* There being no insuperable practical difficulties;
* The cost to the ECF not being excessive; and
* Approval of the AGM.
	1. If the Board provides its approval, the practical next steps would include:
* Verification of the financial impact.
* Review of the tax analysis.
* Establishment of the practical impact on the annual membership renewals and documentation.
* Submission of a suitable resolution for the AGM.
* Consulting with the Platinum members’ representative
1. **Resolution**

If in agreement, the Board should resolve to proceed with the restructuring of Platinum funding as set out in this paper.

**Stephen V Woodhouse**

**20th August 2017**