EXPLANATORY REPORT TO THE EXTRAORDINARY GENERAL ASSEMBLY – DECEMBER 4, 2025

TAX INSPECTION – CORPORATE INCOME TAX (FISCAL YEARS 2020–2023)

PROPOSAL FOR ACTION: SIGNATURE IN DISAGREEMENT AND CONSTITUTION OF BANK GUARANTEE

1. LEGAL NATURE AND TAX REGIME OF THE CLUB

The **Real Club de Golf Las Brisas** is, since its constitution, a **private non-profit sports association**, whose statutory purpose is **the practice, promotion and promotion of golf and related sports activities**, without in any case seeking to obtain or distribute economic benefits among its members.

Therefore:

- The **Club's income** comes mainly from **entrance fees** (contributions to the social fund without direct consideration) and **annual fees** (right to sports use for a certain period).
- The Club **does not provide commercial services** or carry out economic activity for profit.
- No economic surplus is distributed but **is reinvested in its entirety in the facilities and maintenance** of the field, complying with the requirements of **partially exempt entities** provided for in **article 9.3 of the Corporate Income Tax Law (LIS).**

For more than **four decades**, the tax administration **has recognised and respected this tax regime**, which applies to sports clubs, foundations and similar associations.

2. ORIGIN AND SCOPE OF THE INSPECTION ACTION

The AEAT Delegation in Granada has been carrying out a **Corporate Income Tax inspection** for the years **2020 to 2023** in recent months.

In its settlement proposal, the Inspectorate **denies the exempt nature** of two fundamental items:

1. The **entrance fees** paid by new members.
2. The **ordinary annual fees** paid by all the members.

The Administration maintains that these fees **constitute taxable and non-exempt income** as it considers that the Club "provides golf services in exchange for consideration". Under this criterion, the AEAT estimates a tax debt of approximately **950,000 euros**.

3. POSITION OF THE CLUB AND BASIS OF THE DISAGREEMENT

The Club **rejects this interpretation** as it considers it **contrary to the current legal and doctrinal framework** and **disconnected from the legal and economic reality of non-profit sports associations**.

The main fundamentals are as follows:

a) Non-profit nature and absence of commercial economic activity

- The Club **does not conduct commercial operations** or provide services to third parties for the purpose of profit.
- Entrance Fees do not remunerate a specific service; they are contributions to the common equity fund which confer membership status.
- The **annual fees** are the only ones that allow the **collective use of the course and its facilities** by the members, within the framework of a private association and not a commercial relationship.
- The Club **does not distribute surpluses or profit**; any positive results are reinvested in their entirety in maintenance, investments or improvement of the facilities.

b) Administrative doctrine and precedents

- The AEAT has historically maintained the consideration of **partially exempt entity** for private sports clubs, such as: Real Club de Golf de Sotogrande, Real Club de Golf de Sevilla, Real Club de Puerta de Hierro, Real Club de Tenis Barcelona, among others.
- The **doctrine of the TEAC and the DGT (binding consultations, among others)** confirm that the ordinary fees of members of sports associations **do not constitute taxable economic activity**.

c) Application of Article 9.3 of the Corporate Income Tax Law (LIS)

"Non-profit entities and institutions that do not carry out economic exploitation and that comply with the requirements established in this law will be partially exempt from the Tax."

The Real Club de Golf Las Brisas **fully complies with the requirements of this precept**, both in its legal structure and in its accounting and social operation.

d) And isolated and erroneous administrative criteria

The current action of the AEAT **does not respond to a regulatory change**, but to the **particular criterion of the investigating actuary**, who intends to reinterpret the applicable exemption. If this approach is accepted, **the principle of partial exemption** that the Law itself grants to non-profit entities would be emptied of content, generating an unprecedented situation for the entire sports club sector in Spain.

4. PROPOSAL FOR ACTION: SIGNATURE IN DISAGREEMENT AND APPEAL

Faced with this situation, and in defence of the collective interest of the Club and its members, the Board of **Directors considers it essential not to accept the settlement** and present the appropriate administrative and judicial appeals.

This decision will make it possible to:

- **Defend the Club's historical tax regime**, shared by the majority of private sports clubs in the country.
- **Prevent the AEAT from consolidating a restrictive criterion** that could seriously affect the future operation of similar entities.
- **Preserve the right to the exemption** provided for in the Corporate Income Tax Law for non-profit associations.

5. DEBT GUARANTEE AND SUSPENSION OF INTEREST

While the appeals are being processed, the debt must be guaranteed to suspend its execution. The Board of Directors proposes to do so by means of a **bank guarantee** covering the amount of the estimated tax liability, guaranteed by **Campogolf, S.A. which**:

- **It does not imply the immediate payment of the debt.**
- **It maintains the Club's liquidity** for its operations and projects.
- **It will be cancelled at no additional cost if the Club wins the appeal, since if an upholding resolution or ruling is obtained, the Tax Administration would be obliged to reimburse the Club for the costs of setting up and maintaining the guarantee.**

6. PROPOSED AGREEMENT TO THE ASSEMBLY

"Not to accept the settlement offered by the Spanish tax authorities (AEAT) and to contest it at the administrative and/or the judicial stage, requesting a stay of execution on the debt, and to provide the necessary legal guarantees."

7. CONCLUSION

The Real Club de Golf Las Brisas has always acted within the law and in accordance with the principles of transparency, equity and the non-profit nature that govern sports associations. The criterion applied by the Inspectorate **has no regulatory or doctrinal basis** and, if accepted without defense, would put at risk a management model that has been recognized for decades.

For all these reasons, the **Board of Directors recommends signing in disagreement and appealing the liquidation**, guaranteeing the tax debt by means of a bank guarantee, which represents the safest**, most economical and legally coherent** option to protect the interests of all partners.