



Finance (No. 2) Act 2023

2023 CHAPTER 30

PART 7

MISCELLANEOUS AND FINAL

Charities and community amateur sports clubs

344 Definition of “charity” restricted to UK charities

- (1) In Part 1 of Schedule 6 to FA 2010 (definition of “charity” etc), in paragraph 2 (jurisdiction condition)—
 - (a) in sub-paragraph (1) omit paragraph (b) (and the “or” before it);
 - (b) omit sub-paragraphs (3) to (5).
- (2) In relation to a body of persons or trust that has asserted its status as a charity, the amendments made by this section have effect—
 - (a) for the purposes of income tax, for the tax year 2024-25 and subsequent tax years;
 - (b) for the purposes of capital gains tax, in relation to disposals made on or after 6 April 2024;
 - (c) for the purposes of corporation tax, in relation to accounting periods beginning on or after 1 April 2024;
 - (d) for the purposes of value added tax, in relation to supplies made, and acquisitions and importations taking place, on or after 1 April 2024;
 - (e) for the purposes of inheritance tax, in relation to transfers of value made on or after 1 April 2024;
 - (f) for the purposes of stamp duty, in relation to any instrument executed on or after 1 April 2024;
 - (g) for the purposes of stamp duty land tax, in relation to any land transaction the effective date of which is on or after 1 April 2024;

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- (h) for the purposes of stamp duty reserve tax, in relation to any agreement to transfer securities in respect of which the relevant day (within the meaning of section 87(2) of FA 1986) is or is after 1 April 2024;
 - (i) for the purposes of annual tax on enveloped dwellings, for the chargeable period beginning with 1 April 2024 and subsequent chargeable periods;
 - (j) for the purposes of diverted profits tax, in relation to accounting periods beginning on or after 1 April 2024.
- (3) Notwithstanding subsection (2)(g), the amendments made by this section do not have effect for the purposes of stamp duty land tax in relation to a transaction entered into by a body of persons or trust that has asserted its status as a charity if—
- (a) the transaction is effected in pursuance of a contract entered into and substantially performed before 1 April 2024, or
 - (b) the transaction—
 - (i) is effected in pursuance of a contract entered into before 15 March 2023, and
 - (ii) is not excluded for the purposes of this paragraph by subsection (6).
- (4) In relation to a body of persons or trust that has not asserted its status as a charity, the amendments made by this section have effect—
- (a) for the purposes of income tax—
 - (i) for the tax year 2022-23 so far as it falls on or after 15 March 2023, and
 - (ii) for subsequent tax years;
 - (b) for the purposes of capital gains tax, in relation to disposals made on or after 15 March 2023;
 - (c) for the purposes of corporation tax, in relation to accounting periods beginning on or after 15 March 2023;
 - (d) for the purposes of value added tax, in relation to supplies made, and acquisitions and importations taking place, on or after 15 March 2023;
 - (e) for the purposes of inheritance tax, in relation to transfers of value made on or after 15 March 2023;
 - (f) for the purposes of stamp duty, in relation to any instrument executed on or after 15 March 2023;
 - (g) for the purposes of stamp duty land tax, in relation to any land transaction the effective date of which is on or after 15 March 2023;
 - (h) for the purposes of stamp duty reserve tax, in relation to any agreement to transfer securities in respect of which the relevant day (within the meaning of section 87(2) of FA 1986) is or is after 15 March 2023;
 - (i) for the purposes of annual tax on enveloped dwellings—
 - (i) for the chargeable period beginning with 1 April 2022 so far as it falls on or after 15 March 2023, and
 - (ii) for subsequent chargeable periods;
 - (j) for the purposes of diverted profits tax, in relation to accounting periods beginning on or after 15 March 2023.
- (5) Notwithstanding subsection (4)(g), the amendments made by this section do not have effect for the purposes of stamp duty land tax in relation to a transaction entered into by a body of persons or trust that has not asserted its status as a charity if—

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- (a) the transaction is effected in pursuance of a contract entered into and substantially performed before 15 March 2023, or
 - (b) the transaction—
 - (i) is effected in pursuance of a contract entered into before that date, and
 - (ii) is not excluded for the purposes of this paragraph by subsection (6).
- (6) A transaction is excluded for the purposes of subsection (3)(b) or (5)(b) if—
- (a) there is any variation of the contract, or assignment of rights under the contract, on or after 15 March 2023,
 - (b) the transaction is effected in consequence of the exercise on or after that date of any option, right of pre-emption or similar right, or
 - (c) on or after that date there is an assignment, subsale or other transaction relating to the whole or part of the subject-matter of the contract as a result of which a person other than the purchaser under the contract becomes entitled to call for a conveyance.
- (7) If a company has an accounting period (“the straddling accounting period”) that begins before a commencement date and ends on or after that date—
- (a) the part of the straddling accounting period that falls before that date, and
 - (b) the part of the straddling accounting period that falls on or after that date,
- are to be treated for relevant purposes as separate accounting periods.
- (8) In subsection (7)—
- “commencement date” means the date mentioned in subsection (2)(c) or (4)(c);
 - “relevant purposes” means the purposes of determining the company’s liability to any charge to a tax mentioned in subsection (2) or (4), or eligibility for any relief relating to such a tax, that is affected by the company’s status as a charity.
- (9) An apportionment to different periods which falls to be made as a result of subsection (4)(a)(i) or (i)(i) is to be made on a time basis according to the respective length of the periods.
- For the corresponding rule applying to apportionments falling to be made as a result of subsection (7), see section 1172 of CTA 2010.
- (10) For the purposes of this section a body of persons or trust has “asserted its status as a charity” if—
- (a) immediately before 15 March 2023 it falls within the definition of “charity” in Part 1 of Schedule 6 to FA 2010, and
 - (b) at any time before that date, it has (under any enactment) made a valid claim to His Majesty’s Revenue and Customs in reliance on its status as a charity.
- (11) The amendments made by this section are to be ignored in determining—
- (a) whether a person who, immediately before 15 March 2023, owns one or more shares forming the ordinary share capital of a UK REIT is, at any later time, an institutional investor in relation to those shares;
 - (b) whether a person who, immediately before 15 March 2023, is a unit holder in an exempt unauthorised unit trust is, at any later time, an eligible investor in relation to those units;

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- (c) whether a person who, immediately before 15 March 2023, holds a relevant interest in—
 - (i) a QAHC, or
 - (ii) a company that has made an entry notification,is, at any later time, a relevant qualifying investor in relation to that interest.
- (12) In subsection (11)—
- (a) expressions used in paragraph (a) have the same meaning as in Part 12 of CTA 2010 (real estate investment trusts);
 - (b) expressions used in paragraph (b) have the same meaning as in the Unauthorised Unit Trusts (Tax) Regulations 2013 ([S.I. 2013/2819](#));
 - (c) expressions used in paragraph (c), have the same meaning as in Schedule 2 to FA 2022 (qualifying asset holding companies).
- (13) The following regulations were made under a power contained in paragraph 2(3) to (5) of Schedule 6 to FA 2010 and are therefore revoked by virtue of subsection (1)(b)—
- (a) the Taxes (Definition of Charity) (Relevant Territories) Regulations 2010 ([S.I. 2010/1904](#));
 - (b) the Taxes (Definition of Charity) (Relevant Territories) (Amendment) Regulations 2014 ([S.I. 2014/1807](#)).

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