



Charities Act 1993 (repealed)

1993 CHAPTER 10

PART V

CHARITY LAND

36 Restrictions on dispositions.

- (1) Subject to the following provisions of this section and section 40 below, no land held by or in trust for a charity shall be [^{F1}conveyed, transferred], leased or otherwise disposed of without an order of the court or of [^{F2}the Commission].
- (2) Subsection (1) above shall not apply to a disposition of such land if—
 - (a) the disposition is made to a person who is not—
 - (i) a connected person (as defined in Schedule 5 to this Act), or
 - (ii) a trustee for, or nominee of, a connected person; and
 - (b) the requirements of subsection (3) or (5) below have been complied with in relation to it.
- (3) Except where the proposed disposition is the granting of such a lease as is mentioned in subsection (5) below, [^{F3}the requirements mentioned in subsection (2)(b) above are that] the charity trustees must, before entering into an agreement for the sale, or (as the case may be) for a lease or other disposition, of the land—
 - (a) obtain and consider a written report on the proposed disposition from a qualified surveyor instructed by the trustees and acting exclusively for the charity;
 - (b) advertise the proposed disposition for such period and in such manner as the surveyor has advised in his report (unless he has there advised that it would not be in the best interests of the charity to advertise the proposed disposition); and
 - (c) decide that they are satisfied, having considered the surveyor's report, that the terms on which the disposition is proposed to be made are the best that can reasonably be obtained for the charity.
- (4) For the purposes of subsection (3) above a person is a qualified surveyor if—

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- (a) he is a fellow or professional associate of the Royal Institution of Chartered Surveyors or of the Incorporated Society of Valuers and Auctioneers or satisfies such other requirement or requirements as may be prescribed by regulations made by the ^{F4}Minister]; and
 - (b) he is reasonably believed by the charity trustees to have ability in, and experience of, the valuation of land of the particular kind, and in the particular area, in question;
- and any report prepared for the purposes of that subsection shall contain such information, and deal with such matters, as may be prescribed by regulations so made.
- (5) Where the proposed disposition is the granting of a lease for a term ending not more than seven years after it is granted (other than one granted wholly or partly in consideration of a fine), ^{F5}the requirements mentioned in subsection (2)(b) above are that] the charity trustees must, before entering into an agreement for the lease—
- (a) obtain and consider the advice on the proposed disposition of a person who is reasonably believed by the trustees to have the requisite ability and practical experience to provide them with competent advice on the proposed disposition; and
 - (b) decide that they are satisfied, having considered that person’s advice, that the terms on which the disposition is proposed to be made are the best that can reasonably be obtained for the charity.
- (6) Where—
- (a) any land is held by or in trust for a charity, and
 - (b) the trusts on which it is so held stipulate that it is to be used for the purposes, or any particular purposes, of the charity,
- then (subject to subsections (7) and (8) below and without prejudice to the operation of the preceding provisions of this section) the land shall not be ^{F6}conveyed, transferred], leased or otherwise disposed of unless the charity trustees have ^{F7}before the relevant time]—
- (i) given public notice of the proposed disposition, inviting representations to be made to them within a time specified in the notice, being not less than one month from the date of the notice; and
 - (ii) taken into consideration any representations made to them within that time about the proposed disposition.
- ^{F8}(6A) In subsection (6) above “the relevant time” means—
- (a) where the charity trustees enter into an agreement for the sale, or (as the case may be) for the lease or other disposition, the time when they enter into that agreement, and
 - (b) in any other case, the time of the disposition.]
- (7) Subsection (6) above shall not apply to any such disposition of land as is there mentioned if—
- (a) the disposition is to be effected with a view to acquiring by way of replacement other property which is to be held on the trusts referred to in paragraph (b) of that subsection; or
 - (b) the disposition is the granting of a lease for a term ending not more than two years after it is granted (other than one granted wholly or partly in consideration of a fine).
- (8) ^{F9}The Commission] may direct—

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- (a) that subsection (6) above shall not apply to dispositions of land held by or in trust for a charity or class of charities (whether generally or only in the case of a specified class of dispositions or land, or otherwise as may be provided in the direction), or
 - (b) that that subsection shall not apply to a particular disposition of land held by or in trust for a charity,
- if, on an application made to them in writing by or on behalf of the charity or charities in question, [^{F10}the Commission is satisfied] that it would be in the interests of the charity or charities [^{F11}for the Commission] to give the direction.
- (9) The restrictions on disposition imposed by this section apply notwithstanding anything in the trusts of a charity; but nothing in this section applies—
- (a) to any disposition for which general or special authority is expressly given (without the authority being made subject to the sanction of an order of the court) by any statutory provision contained in or having effect under an Act of Parliament or by any scheme legally established; or
 - (b) to any disposition of land held by or in trust for a charity which—
 - (i) is made to another charity otherwise than for the best price that can reasonably be obtained, and
 - (ii) is authorised to be so made by the trusts of the first-mentioned charity; or
 - (c) to the granting, by or on behalf of a charity and in accordance with its trusts, of a lease to any beneficiary under those trusts where the lease—
 - (i) is granted otherwise than for the best rent that can reasonably be obtained; and
 - (ii) is intended to enable the demised premises to be occupied for the purposes, or any particular purposes, of the charity.
- (10) Nothing in this section applies—
- (a) to any disposition of land held by or in trust for an exempt charity;
 - (b) to any disposition of land by way of mortgage or other security; or
 - (c) to any disposition of an advowson.
- (11) In this section “land” means land in England or Wales.

Textual Amendments

- F1** Words in s. 36(1) substituted (27.2.2007) by [Charities Act 2006 \(c. 50\), s. 79\(2\), Sch. 8 para. 128\(2\)\(a\)](#); [S.I. 2007/309, art. 2, Sch.](#)
- F2** Words in s. 36(1) substituted (27.2.2007) by [Charities Act 2006 \(c. 50\), s. 79\(2\), Sch. 8 para. 128\(2\)\(b\)](#); [S.I. 2007/309, art. 2, Sch.](#)
- F3** Words in s. 36(3) inserted (27.2.2007) by [Charities Act 2006 \(c. 50\), s. 79\(2\), Sch. 8 para. 128\(3\)](#); [S.I. 2007/309, art. 2, Sch.](#)
- F4** Word in s. 36(4)(a) substituted (13.12.2006) by [Transfer of Functions \(Third Sector, Communities and Equality\) Order 2006 \(S.I. 2006/2951\), art. 1\(2\), Sch. para. 4\(o\)](#)
- F5** Words in s. 36(5) inserted (27.2.2007) by [Charities Act 2006 \(c. 50\), s. 79\(2\), Sch. 8 para. 128\(4\)](#); [S.I. 2007/309, art. 2, Sch.](#)
- F6** Words in s. 36(6) substituted (27.2.2007) by [Charities Act 2006 \(c. 50\), s. 79\(2\), Sch. 8 para. 128\(5\)\(a\)](#); [S.I. 2007/309, art. 2, Sch.](#) (with art. 6(1))
- F7** Words in s. 36(6) substituted (27.2.2007) by [Charities Act 2006 \(c. 50\), s. 79\(2\), Sch. 8 para. 128\(5\)\(b\)](#); [S.I. 2007/309, art. 2, Sch.](#) (with art. 6(1))

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- F8** S. 36(6A) inserted (27.2.2007) by Charities Act 2006 (c. 50), s. 79(2), **Sch. 8 para. 128(6)**; S.I. 2007/309, art. 2, Sch. (with art. 6(1))
- F9** Words in s. 36(8) substituted (27.2.2007) by Charities Act 2006 (c. 50), s. 79(2), **Sch. 8 para. 128(7)(a)**; S.I. 2007/309, art. 2, Sch.
- F10** Words in s. 36(8) substituted (27.2.2007) by Charities Act 2006 (c. 50), s. 79(2), **Sch. 8 para. 128(7)(b)**; S.I. 2007/309, art. 2, Sch.
- F11** Words in s. 36(8) substituted (27.2.2007) by Charities Act 2006 (c. 50), s. 79(2), **Sch. 8 para. 128(7)(c)**; S.I. 2007/309, art. 2, Sch.

Modifications etc. (not altering text)

- C1** S. 36 excluded (27.2.2010) by The Charities Act 2006 (Commencement No.7, Transitional and Transitory Provisions and Savings) Order 2010 (S.I. 2010/503), **Sch. 2 para. 9**

37 Supplementary provisions relating to dispositions.

- (1) Any of the following instruments, namely—
- (a) any contract for the sale, or for a lease or other disposition, of land which is held by or in trust for a charity, and
 - (b) any conveyance, transfer, lease or other instrument effecting a disposition of such land,
- shall state—
- (i) that the land is held by or in trust for a charity,
 - (ii) whether the charity is an exempt charity and whether the disposition is one falling within paragraph (a), (b) or (c) of subsection (9) of section 36 above, and
 - (iii) if it is not an exempt charity and the disposition is not one falling within any of those paragraphs, that the land is land to which the restrictions on disposition imposed by that section apply.
- (2) Where any land held by or in trust for a charity is [^{F12}conveyed, transferred], leased or otherwise disposed of by a disposition to which subsection (1) or (2) of section 36 above applies, the charity trustees shall certify in the instrument by which the disposition is effected—
- (a) (where subsection (1) of that section applies) that the disposition has been sanctioned by an order of the court or of [^{F13}the Commission] (as the case may be), or
 - (b) (where subsection (2) of that section applies) that the charity trustees have power under the trusts of the charity to effect the disposition, and that they have complied with the provisions of that section so far as applicable to it.
- (3) Where subsection (2) above has been complied with in relation to any disposition of land, then in favour of a person who (whether under the disposition or afterwards) acquires an interest in the land for money or money's worth, it shall be conclusively presumed that the facts were as stated in the certificate.
- (4) Where—
- (a) any land held by or in trust for a charity is [^{F12}conveyed, transferred], leased or otherwise disposed of by a disposition to which subsection (1) or (2) of section 36 above applies, but
 - (b) subsection (2) above has not been complied with in relation to the disposition,

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then in favour of a person who (whether under the disposition or afterwards) in good faith acquires an interest in the land for money or money's worth, the disposition shall be valid whether or not—

- (i) the disposition has been sanctioned by an order of the court or of [^{F13}the Commission], or
- (ii) the charity trustees have power under the trusts of the charity to effect the disposition and have complied with the provisions of that section so far as applicable to it.

(5) Any of the following instruments, namely—

- (a) any contract for the sale, or for a lease or other disposition, of land which will, as a result of the disposition, be held by or in trust for a charity, and
- (b) any conveyance, transfer, lease or other instrument effecting a disposition of such land,

shall state—

- (i) that the land will, as a result of the disposition, be held by or in trust for a charity,
- (ii) whether the charity is an exempt charity, and
- (iii) if it is not an exempt charity, that the restrictions on disposition imposed by section 36 above will apply to the land (subject to subsection (9) of that section).

^{F14}(6)

[^{F15}(7) Where the disposition to be effected by any such instrument as is mentioned in subsection (1)(b) or (5)(b) above will be—

- (a) a registrable disposition, or
- (b) a disposition which triggers the requirement of registration,

the statement which, by virtue of subsection (1) or (5) above, is to be contained in the instrument shall be in such form as may be prescribed by land registration rules.]

[^{F15}(8) Where the registrar approves an application for registration of—

- (a) a disposition of registered land, or
- (b) a person's title under a disposition of unregistered land,

and the instrument effecting the disposition contains a statement complying with subsections (5) and (7) above, he shall enter in the register a restriction reflecting the limitation under section 36 above on subsequent disposal.]

(9) Where—

- (a) any such restriction is entered in the register in respect of any land, and
 - (b) the charity by or in trust for which the land is held becomes an exempt charity,
- the charity trustees shall apply to the registrar for [^{F16}the removal of the entry]; and on receiving any application duly made under this subsection the registrar shall [^{F17}remove the entry].

(10) Where—

- (a) any registered land is held by or in trust for an exempt charity and the charity ceases to be an exempt charity, or
- (b) any registered land becomes, as a result of a declaration of trust by the registered proprietor, land held in trust for a charity (other than an exempt charity),

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the charity trustees shall apply to the registrar for such a restriction as is mentioned in subsection (8) above to be entered in the register in respect of the land; and on receiving any application duly made under this subsection the registrar shall enter such a restriction in the register in respect of the land.

(11) In this section—

- (a) references to a disposition of land do not include references to—
 - (i) a disposition of land by way of mortgage or other security,
 - (ii) any disposition of an advowson, or
 - (iii) any release of a rentcharge falling within section 40(1) below; and
- (b) “land” means land in England or Wales;

and subsections (7) to (10) above shall be construed as one with the [F18Land Registration Act 2002].

Textual Amendments

- F12** Words in s. 37(2)(4) substituted (27.2.2007) by Charities Act 2006 (c. 50), s. 79(2), **Sch. 8 para. 129(a)**; S.I. 2007/309, art. 2, Sch.; S.I. 2007/309, art. 2, Sch.
- F13** Words in s. 37(2)(4) substituted (27.2.2007) by Charities Act 2006 (c. 50), s. 79(2), **Sch. 8 para. 129(b)**; S.I. 2007/309, art. 2, Sch.; S.I. 2007/309, art. 2, Sch.
- F14** S. 37(6) repealed (1.1.1997) by 1996 c. 47, s. 25(2), **Sch. 4** (with s. 24(2), 25(4)); S.I. 1996/2974, art. 2
- F15** S. 37(7)(8) substituted (13.10.2003) by Land Registration Act 2002 (c. 9), s. 136(2), **Sch. 11 para. 29(2)** (with s. 129); S.I. 2003/1725, art. 2(1)
- F16** Words in s. 37(9) substituted (13.10.2003) by Land Registration Act 2002 (c. 9), s. 136(2), **Sch. 11 para. 29(3)(a)** (with s. 129); S.I. 2003/1725, art. 2(1)
- F17** Words in s. 37(9) substituted (13.10.2003) by Land Registration Act 2002 (c. 9), s. 136(2), **Sch. 11 para. 29(3)(b)** (with s. 129); S.I. 2003/1725, art. 2(1)
- F18** Words in s. 37(11) substituted (13.10.2003) by Land Registration Act 2002 (c. 9), s. 136(2), **Sch. 11 para. 29(4)** (with s. 129); S.I. 2003/1725, art. 2(1)

38 Restrictions on mortgaging.

- (1) Subject to subsection (2) below, no mortgage of land held by or in trust for a charity shall be granted without an order of the court or of [F19the Commission].
- [F20(2) Subsection (1) above shall not apply to a mortgage of any such land if the charity trustees have, before executing the mortgage, obtained and considered proper advice, given to them in writing, on the relevant matters or matter mentioned in subsection (3) or (3A) below (as the case may be).
- (3) In the case of a mortgage to secure the repayment of a proposed loan or grant, the relevant matters are—
- (a) whether the loan or grant is necessary in order for the charity trustees to be able to pursue the particular course of action in connection with which they are seeking the loan or grant;
 - (b) whether the terms of the loan or grant are reasonable having regard to the status of the charity as the prospective recipient of the loan or grant; and
 - (c) the ability of the charity to repay on those terms the sum proposed to be paid by way of loan or grant.

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- (3A) In the case of a mortgage to secure the discharge of any other proposed obligation, the relevant matter is whether it is reasonable for the charity trustees to undertake to discharge the obligation, having regard to the charity's purposes.
- (3B) Subsection (3) or (as the case may be) subsection (3A) above applies in relation to such a mortgage as is mentioned in that subsection whether the mortgage—
- (a) would only have effect to secure the repayment of the proposed loan or grant or the discharge of the proposed obligation, or
 - (b) would also have effect to secure the repayment of sums paid by way of loan or grant, or the discharge of other obligations undertaken, after the date of its execution.
- (3C) Subsection (3D) below applies where—
- (a) the charity trustees of a charity have executed a mortgage of land held by or in trust for a charity in accordance with subsection (2) above, and
 - (b) the mortgage has effect to secure the repayment of sums paid by way of loan or grant, or the discharge of other obligations undertaken, after the date of its execution.
- (3D) In such a case, the charity trustees must not after that date enter into any transaction involving—
- (a) the payment of any such sums, or
 - (b) the undertaking of any such obligations,
- unless they have, before entering into the transaction, obtained and considered proper advice, given to them in writing, on the matters or matter mentioned in subsection (3) (a) to (c) or (3A) above (as the case may be).]
- (4) For the purposes of [F21this section] proper advice is the advice of a person—
- (a) who is reasonably believed by the charity trustees to be qualified by his ability in and practical experience of financial matters; and
 - (b) who has no financial interest in [F22relation to the loan, grant or other transaction in connection with which his advice is given];
- and such advice may constitute proper advice for those purposes notwithstanding that the person giving it does so in the course of his employment as an officer or employee of the charity or of the charity trustees.
- (5) This section applies notwithstanding anything in the trusts of a charity; but nothing in this section applies to any mortgage for which general or special authority is given as mentioned in section 36(9)(a) above.
- (6) In this section—
- “land” means land in England or Wales;
 - “mortgage” includes a charge.
- (7) Nothing in this section applies to an exempt charity.

Textual Amendments

F19 Words in s. 38(1) substituted (27.2.2007) by [Charities Act 2006 \(c. 50\)](#), s. 79(2), [Sch. 8 para. 130](#); S.I. 2007/309, art. 2, Sch.

F20 S. 38(2)-(3D) substituted for s. 38(2) (27.2.2007) by [Charities Act 2006 \(c. 50\)](#), [ss. 27\(2\)](#), 79(2); S.I. 2007/309, art. 2, Sch.

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F21 Words in s. 38(4) substituted (27.2.2007) by Charities Act 2006 (c. 50), ss. 27(3)(a), 79(2); S.I. 2007/309, art. 2, Sch.

F22 Words in s. 38(4) substituted (27.2.2007) by Charities Act 2006 (c. 50), ss. 27(3)(b), 79(2); S.I. 2007/309, art. 2, Sch.

Modifications etc. (not altering text)

C2 S. 38 excluded (27.2.2010) by The Charities Act 2006 (Commencement No.7, Transitional and Transitory Provisions and Savings) Order 2010 (S.I. 2010/503), Sch. 2 para. 10

39 Supplementary provisions relating to mortgaging.

- (1) Any mortgage of land held by or in trust for a charity shall state—
- (a) that the land is held by or in trust for a charity,
 - (b) whether the charity is an exempt charity and whether the mortgage is one falling within subsection (5) of section 38 above, and
 - (c) if it is not an exempt charity and the mortgage is not one falling within that subsection, that the mortgage is one to which the restrictions imposed by that section apply;

and where the mortgage will be a registered disposition any such statement shall be in such form as may be prescribed [^{F23}by land registration rules].

- [^{F24}(1A) Where any such mortgage will be one to which section 4(1)(g) of the Land Registration Act 2002 applies—
- (a) the statement required by subsection (1) above shall be in such form as may be prescribed by land registration rules; and
 - (b) if the charity is not an exempt charity, the mortgage shall also contain a statement, in such form as may be prescribed by land registration rules, that the restrictions on disposition imposed by section 36 above apply to the land (subject to subsection (9) of that section).

(1B) Where—

- (a) the registrar approves an application for registration of a person's title to land in connection with such a mortgage as is mentioned in subsection (1A) above,
- (b) the mortgage contains statements complying with subsections (1) and (1A) above, and
- (c) the charity is not an exempt charity,

the registrar shall enter in the register a restriction reflecting the limitation under section 36 above on subsequent disposal.

- (1C) Section 37(9) above shall apply in relation to any restriction entered under subsection (1B) as it applies in relation to any restriction entered under section 37(8).]

- (2) Where subsection (1) or (2) of section 38 above applies to any mortgage of land held by or in trust for a charity, the charity trustees shall certify in the mortgage—
- (a) (where subsection (1) of that section applies) that the mortgage has been sanctioned by an order of the court or of [^{F25}the Commission] (as the case may be), or
 - (b) (where subsection (2) of that section applies) that the charity trustees have power under the trusts of the charity to grant the mortgage, and that they have obtained and considered such advice as is mentioned in that subsection.

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- (3) Where subsection (2) above has been complied with in relation to any mortgage, then in favour of a person who (whether under the mortgage or afterwards) acquires an interest in the land in question for money or money's worth, it shall be conclusively presumed that the facts were as stated in the certificate.
- (4) Where—
- (a) subsection (1) or (2) of section 38 above applies to any mortgage of land held by or in trust for a charity, but
 - (b) subsection (2) above has not been complied with in relation to the mortgage, then in favour of a person who (whether under the mortgage or afterwards) in good faith acquires an interest in the land for money or money's worth, the mortgage shall be valid whether or not—
 - (i) the mortgage has been sanctioned by an order of the court or of [^{F26}the Commission], or
 - (ii) the charity trustees have power under the trusts of the charity to grant the mortgage and have obtained and considered such advice as is mentioned in subsection (2) of that section.
- [^{F27}(4A) Where subsection (3D) of section 38 above applies to any mortgage of land held by or in trust for a charity, the charity trustees shall certify in relation to any transaction falling within that subsection that they have obtained and considered such advice as is mentioned in that subsection.
- (4B) Where subsection (4A) above has been complied with in relation to any transaction, then, in favour of a person who (whether under the mortgage or afterwards) has acquired or acquires an interest in the land for money or money's worth, it shall be conclusively presumed that the facts were as stated in the certificate.]
- ^{F28}(5)
- (6) In this section—
- “mortgage” includes a charge, and “mortgagee” shall be construed accordingly;
 - “land” means land in England or Wales;
- [^{F29}and subsections (1) to (1B) above shall be construed as one with the Land Registration Act 2002].

Textual Amendments

- F23** Words in s. 39(1) inserted (13.10.2003) by [Land Registration Act 2002 \(c. 9\), s. 136\(2\), Sch. 11 para. 29\(5\)](#) (with s. 129); S.I. 2003/1725, art. 2(1)
- F24** S. 39(1A)-(1C) substituted for s. 39(1A)(1B) (13.10.2003) by [Land Registration Act 2002 \(c. 9\), s. 136\(2\), Sch. 11 para. 29\(6\)](#) (with s. 129); S.I. 2003/1725, art. 2(1)
- F25** Words in s. 39(2)(a) substituted (27.2.2007) by [Charities Act 2006 \(c. 50\), s. 79\(2\), Sch. 8 para. 131\(2\)](#); S.I. 2007/309, art. 2, Sch.
- F26** Words in s. 39(4) substituted (27.2.2007) by [Charities Act 2006 \(c. 50\), s. 79\(2\), Sch. 8 para. 131\(2\)](#); S.I. 2007/309, art. 2, Sch.
- F27** S. 39(4A)(4B) inserted (27.2.2007) by [Charities Act 2006 \(c. 50\), s. 79\(2\), Sch. 8 para. 131\(3\)](#); S.I. 2007/309, art. 2, Sch.
- F28** S. 39(5) repealed (1.1.1997) by [1996 c. 47, s.,25\(2\), Sch. 4](#) (with s. 24(2), 25(3)(4)(5); S.I. 1996/2974, art. 2

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F29 Words in s. 39(6) substituted (13.10.2003) by [Land Registration Act 2002 \(c. 9\)](#), s. 136(2), [Sch. 11 para. 29\(7\)](#) (with s. 129); S.I. 2003/1725, art. 2(1)

40 Release of charity rentcharges.

- (1) Section 36(1) above shall not apply to the release by a charity of a rentcharge which it is entitled to receive if the release is given in consideration of the payment of an amount which is not less than ten times the annual amount of the rentcharge.
- (2) Where a charity which is entitled to receive a rentcharge releases it in consideration of the payment of an amount not exceeding [^{F30}£1,000], any costs incurred by the charity in connection with proving its title to the rentcharge shall be recoverable by the charity from the person or persons in whose favour the rentcharge is being released.
- (3) Neither section 36(1) nor subsection (2) above applies where a rentcharge which a charity is entitled to receive is redeemed under sections 8 to 10 of the ^{M1}Rentcharges Act 1977.
- (4) The [^{F31}Minister] may by order amend subsection (2) above by substituting a different sum for the sum for the time being specified there.

Textual Amendments

- F30** Word in s. 40(2) substituted (1.4.2009) by [The Charities Acts 1992 and 1993 \(Substitution of Sums\) Order 2009 \(S.I. 2009/508\)](#), arts. 1(1), [8](#) (with art. 15)
- F31** Word in s. 40(4) substituted (13.12.2006) by [Transfer of Functions \(Third Sector, Communities and Equality\) Order 2006 \(S.I. 2006/2951\)](#), art. 1(2), [Sch. para. 4\(p\)](#)

Marginal Citations

- M1** 1977 c. 30.

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