



Finance Act 2000

2000 CHAPTER 17

PART III

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER II

OTHER PROVISIONS

Giving to charity

38 Payroll deduction scheme.

- (1) Where in accordance with a scheme approved [^{F1}for the purposes of section 714 of the Income Tax (Earnings and Pensions) Act 2003] (donations to charity: payroll deduction scheme) an agent is to pay to a charity any sum which—
- (a) is withheld by [^{F2}a person] from a payment which an [^{F3}individual] is entitled to receive; and
 - (b) is paid by the [^{F4}person] to the agent,
- the agent shall, within a period prescribed by regulations made by the Treasury, pay a supplement equal to 10% of that sum to the charity.
- (2) On a claim made by an agent in such form as the Board may prescribe, the Board shall pay to the agent out of money provided by Parliament—
- (a) such amounts as are required—
 - (i) to fund the payment of supplements falling to be paid by him; or
 - (ii) to reimburse him for supplements paid by him the payment of which has not been so funded; and
 - (b) in the case of an agent which is a charity, an amount which is equal to 10% of the aggregate of sums which—

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Cross Heading: Giving to charity. (See end of Document for details)

- (i) are withheld and paid as mentioned in paragraphs (a) and (b) of subsection (1) above; and
- (ii) are sums to which the agent is itself entitled in its capacity as a charity.
- (3) The Treasury may by regulations make provision—
- (a) requiring agents to notify the Board of any failures of theirs to comply with subsection (1) above, and of the reasons for those failures;
 - (b) requiring agents to keep records of supplements paid by them under that subsection; and
 - (c) for the assessment and recovery under the Taxes Acts of amounts paid to agents under subsection (2) above which ought not to have been so paid.

The regulations may contain such supplementary and incidental provision as appears to the Treasury necessary or expedient.

- (4) In this section—

[^{F5}“agent” means an agent approved for the purposes of section 714 of the Income Tax (Earnings and Pensions) Act 2003;

“charity” has the same meaning as in section 506 of that Act and includes each of the bodies mentioned in section 507 of that Act;

“the Taxes Acts” has the same meaning as in the ^{M1}Taxes Management Act 1970.

- (5) ^{F6}

- (6) Subsections (1) to (4) above shall have effect in relation to supplements or other amounts payable in respect of sums withheld on or after 6th April 2000 and before [^{F7}6th April 2004] ; and no claim under subsection (2) above shall be entertained if made on or after [^{F8}6th April 2005] .

- (7) ^{F6}]

Textual Amendments

- F1** Words in s. 38(1) substituted (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 243\(2\)\(a\)](#) (with Sch. 7)
- F2** Words in s. 38(1)(a) substituted (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 243\(2\)\(b\)](#) (with Sch. 7)
- F3** Word in s. 38(1)(a) substituted (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 243\(2\)\(c\)](#) (with Sch. 7)
- F4** Word in s. 38(1)(b) substituted (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 243\(2\)\(d\)](#) (with Sch. 7)
- F5** Words in s. 38(4) substituted (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 6 para. 243\(3\)](#) (with Sch. 7)
- F6** S. 38(5)(7) repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), Sch. 8 Pt. 1](#) (with Sch. 7)
- F7** Words in s. 38(6) substituted (10.7.2003) by [Finance Act 2003 \(c. 14\), s. 146\(a\)](#)
- F8** Words in s. 38(6) substituted (10.7.2003) by [Finance Act 2003 \(c. 14\), s. 146\(b\)](#)

Marginal Citations

- M1** 1970 c. 9.

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Cross Heading: Giving to charity. (See end of Document for details)

39 Gift aid payments by individuals.

- (1) Section 25 of the ^{M2}Finance Act 1990 (donations to charity by individuals) shall be amended in accordance with subsections (2) to (7) below.
- (2) In subsection (1)(c), for “an appropriate certificate” there shall be substituted “an appropriate declaration”.
- (3) In subsection (2)—
 - (a) paragraphs (c) and (g) shall cease to have effect;
 - (b) in paragraph (e), for “two and a half per cent of the amount of the gift” there shall be substituted “the limit imposed by subsection (5A) below”; and
 - (c) for paragraph (i) there shall be substituted—
 - “(i) either—
 - (i) at the time the gift is made, the donor is resident in the United Kingdom or performs duties which by virtue of section 132(4)(a) of the Taxes Act 1988 (Crown employees serving overseas) are treated as being performed in the United Kingdom; or
 - (ii) the grossed up amount of the gift would, if in fact made, be payable out of profits or gains brought into charge to income tax or capital gains tax.”.
- (4) For subsection (3) there shall be substituted—
 - “(3) The reference in subsection (1)(c) above to an appropriate declaration is a reference to a declaration which—
 - (a) is given in such manner as may be prescribed by regulations made by the Board; and
 - (b) contains such information and such statements as may be so prescribed.
 - (3A) Regulations made for the purposes of subsection (3) above may—
 - (a) provide for declarations to have effect, to cease to have effect or to be deemed never to have had effect in such circumstances and for such purposes as may be prescribed by the regulations;
 - (b) require charities to keep records with respect to declarations given to them by donors; and
 - (c) make different provision for declarations made in a different manner.”.
- (5) After subsection (5) there shall be inserted—
 - “(5A) The limit imposed by this subsection is—
 - (a) where the amount of the gift does not exceed £100, 25 per cent of the amount of the gift;
 - (b) where the amount of the gift exceeds £100 but does not exceed £1,000, £25;
 - (c) where the amount of the gift exceeds £1,000, 2.5 per cent of the amount of the gift.
 - (5B) Where a benefit received in consequence of making a gift—

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- (a) consists of the right to receive benefits at intervals over a period of less than twelve months;
- (b) relates to a period of less than twelve months; or
- (c) is one of a series of benefits received at intervals in consequence of making a series of gifts at intervals of less than twelve months,
- the value of the benefit shall be adjusted for the purposes of subsection (4) above and the amount of the gift shall be adjusted for the purposes of subsection (5A) above.
- (5C) Where a benefit, other than a benefit which is one of a series of benefits received at intervals, is received in consequence of making a gift which is one of a series of gifts made at intervals of less than twelve months, the amount of the gift shall be adjusted for the purposes of subsection (5A) above.
- (5D) Where the value of a benefit, or the amount of a gift, falls to be adjusted under subsection (5B) or (5C) above, the value or amount shall be multiplied by 365 and the result shall be divided by—
- (a) in a case falling within subsection (5B)(a) or (b) above, the number of days in the period of less than twelve months;
- (b) in a case falling within subsection (5B)(c) or (5C) above, the average number of days in the intervals of less than twelve months;
- and the reference in subsection (5B) above to subsection (4) above is a reference to that subsection as it applies for the purposes of subsection (2) (e) above.
- (5E) In determining whether a gift to a charity falling within subsection (5F) below is a qualifying donation, there shall be disregarded the benefit of any right of admission received in consequence of the making of the gift—
- (a) to view property the preservation of which is the sole or main purpose of the charity; or
- (b) to observe wildlife the conservation of which is the sole or main purpose of the charity;
- but this subsection shall not apply unless the opportunity to make gifts which attract such a right is available to members of the public.
- (5F) A charity falls within this subsection if its sole or main purpose is the preservation of property, or the conservation of wildlife, for the public benefit.
- (5G) In subsection (5E) above “right of admission” refers to admission of the person making the gift (or any member of his family who may be admitted because of the gift) either free of the charges normally payable for admission by members of the public, or on payment of a reduced charge.”.
- (6) For subsections (6) to (9) there shall be substituted—
- “(6) Where any gift made by the donor in a year of assessment is a qualifying donation, then, for that year—
- (a) the Income Tax Acts and the ^{M3}Taxation of Chargeable Gains Act 1992 shall have effect, in their application to him, as if—
- (i) the gift had been made after deduction of income tax at the basic rate; and
- (ii) the basic rate limit were increased by an amount equal to the grossed up amount of the gift;

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- (b) the provisions mentioned in subsection (7) below shall have effect, in their application to him, as if any reference to income tax which he is entitled to charge against any person included a reference to the tax treated as deducted from the gift; and
- (c) to the extent, if any, necessary to ensure that he is charged to an amount of income tax and capital gains tax equal to the tax treated as deducted from the gift, he shall not be entitled to relief under Chapter I of Part VII of the Taxes Act 1988;

but paragraph (a)(ii) above shall not apply for the purposes of any computation under section 550(2)(a) or (b) of that Act (relief where gain charged at a higher rate).

- (7) The provisions referred to in subsection (6)(b) above are—
 - (a) section 289A(5)(e) of the Taxes Act 1988 (relief under enterprise investment scheme);
 - (b) section 796(3) of that Act (credit for foreign tax); and
 - (c) paragraph 1(6)(f) of Schedule 15B to that Act (venture capital trusts).
- (8) Where the tax treated as deducted from a gift by virtue of subsection (6) above exceeds the amount of income tax and capital gains tax with which the donor is charged for the year of assessment, the donor shall be assessable and chargeable with income tax at the basic rate on so much of the gift as is necessary to recover an amount of tax equal to the excess.
- (9) In determining for the purposes of subsection (8) above the total amount of income tax and capital gains tax with which the donor is charged for the year of assessment, there shall be disregarded—
 - (a) any tax charged at the basic rate by virtue of—
 - (i) section 348 of the Taxes Act 1988 (read with section 3 of that Act); or
 - (ii) section 349 of that Act (read with section 350 of that Act);
 - (b) any tax treated as having been paid under—
 - (i) section 233(1)(a) of that Act (taxation of certain recipients of distributions);
 - (ii) section 249(4)(a) of that Act (stock dividends treated as income); or
 - (iii) section 547(5)(a) of that Act (method of charging life policy gain to tax);
 - (c) any relief to which section 256(2) of that Act applies (relief by way of income tax reduction);
 - (d) any relief under—
 - (i) section 347B of that Act (relief for maintenance payments);
 - (ii) section 788 of that Act (relief by agreement with other countries); or
 - (iii) section 790(1) of that Act (unilateral relief);
 - (e) any set off of tax deducted, or treated as deducted, from income other than—
 - (i) tax treated as deducted from income by virtue of section 421(1)(a) of that Act (taxation of borrower when loan released etc); or

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- (ii) tax treated as deducted from a relevant amount within the meaning of section 699A of that Act (untaxed sums comprised in the income of an estate) except to the extent that the relevant amount is or would be paid in respect of a distribution chargeable under Schedule F; and
- (f) any set off of tax credits.
- (9A) For the purposes of sections 257(5) and 257A(5) of the Taxes Act 1988 (age related allowances), the donor's total income shall be treated as reduced by the aggregate amount of gifts from which tax is treated as deducted by virtue of subsection (6) above.”.
- (7) In subsection (12), paragraphs (b) and (e) and the word “and” immediately preceding paragraph (e) shall cease to have effect.
- (8) In subsections (1)(b) and (3)(b) of section 257BB of the Taxes Act 1988 (transfer of relief under section 257A where relief exceeds income), after “section 256(2)(b)” there shall be inserted “ (read with section 25(6)(c) of the ^{M4}Finance Act 1990 where applicable) ”.
- (9) In paragraph 4(1)(b) of Schedule 13B to that Act (children's tax credit), after “section 256(2)(b)” there shall be inserted “ (read with section 25(6)(c) of the ^{M5}Finance Act 1990 where applicable) ”.
- (10) This section has effect in relation to—
- (a) gifts made on or after 6th April 2000 which are not covenanted payments; and
 - (b) covenanted payments falling to be made on or after that date;
- and any regulations made under subsection (3) of section 25 of the ^{M6}Finance Act 1990 (as substituted by subsection (4) above) within three months of the passing of this Act may be so made as to apply to any payments in relation to which this section has effect.

Marginal Citations

M2	1990 c. 29.
M3	1992 c. 12.
M4	1990 c. 29.
M5	1990 c. 29.
M6	1990 c. 29.

40 Gift aid payments by companies.

- (1) Section 339 of the Taxes Act 1988 (charges on income: donations to charity) shall be amended in accordance with subsections (2) to (8) below.
- (2) In subsection (1), for paragraph (a) there shall be substituted—
- “(a) a payment which, by reason of any provision of the Taxes Acts (within the meaning of the Management Act) except section 209(4), is to be regarded as a distribution; and”.
- (3) Subsections (2), (3), (3A), (3F), (6), (7) and (8) shall cease to have effect.

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- (4) In subsection (3B)(b), for “two and a half per cent. of the amount given after deducting tax under section 339(3)” there shall be substituted “ the limit imposed by subsection (3DA) below ”.
- (5) After subsection (3D) there shall be inserted—
- “(3DA) The limit imposed by this subsection is—
- (a) where the amount of the payment does not exceed £100, 25 per cent of the amount of the payment;
 - (b) where the amount of the payment exceeds £100 but does not exceed £1,000, £25;
 - (c) where the amount of the payment exceeds £1,000, 2.5 per cent of the amount of the payment.
- (3DB) Where a benefit received in consequence of making a payment—
- (a) consists of the right to receive benefits at intervals over a period of less than twelve months;
 - (b) relates to a period of less than twelve months; or
 - (c) is one of a series of benefits received at intervals in consequence of making a series of payments at intervals of less than twelve months,
- the value of the benefit shall be adjusted for the purposes of subsection (3C) above and the amount of the payment shall be adjusted for the purposes of subsection (3DA) above.
- (3DC) Where a benefit, other than a benefit which is one of a series of benefits received at intervals, is received in consequence of making a payment which is one of a series of payments made at intervals of less than twelve months, the amount of the payment shall be adjusted for the purposes of subsection (3DA) above.
- (3DD) Where the value of a benefit, or the amount of a payment, falls to be adjusted under subsection (3DB) or (3DC) above, the value or amount shall be multiplied by 365 and the result shall be divided by—
- (a) in a case falling within subsection (3DB)(a) or (b) above, the number of days in the period of less than twelve months;
 - (b) in a case falling within subsection (3DB)(c) or (3DC) above, the average number of days in the intervals of less than twelve months;
- and the reference in subsection (3DB) to subsection (3C) above is a reference to that subsection as it applies for the purposes of subsection (3B) above.”.
- (6) For subsection (4) there shall be substituted—
- “(4) Where a company gives a sum of money to a charity, the gift shall in the hands of the charity be treated for the purposes of this Act as if it were an annual payment.”.
- (7) For subsection (7AA) there shall be substituted—
- “(7AA) Where—
- (a) a qualifying donation to a charity is made by a company which is wholly owned by a charity, and
 - (b) the company makes a claim for the donation, or any part of it, to be deemed for the purposes of section 338 to be a charge on income paid

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in an accounting period falling wholly or partly within the period of nine months ending with the date of the making of the donation, the donation or part shall be deemed for those purposes to be a charge on income paid in that accounting period, and not in any later period.

A claim under this subsection must be made within the period of two years immediately following the accounting period in which the donation is made, or such longer period as the Board may allow.”.

- (8) In subsection (9), the words “in subsections (1) to (4) above includes” shall cease to have effect.
- (9) In subsection (1) of section 209 of the Taxes Act 1988 (meaning of “distribution”), for “section 339(6) and any other express exceptions” there shall be substituted “ any express exceptions ”.
- (10) In subsection (2)(a) of section 338 of that Act (allowance of charges on income and capital), after “company” there shall be inserted “ or payments falling within paragraph (b) below ”.
- (11) This section has effect in relation to payments made on or after 1st April 2000; and—
 - (a) so much of an accounting period as falls before that date; and
 - (b) so much of it as falls after 31st March 2000,
 shall be treated as separate accounting periods for the purposes of the amendment made by subsection (5) above.

41 Covenanted payments to charities.

- (1) In subsection (5)(b) of section 338 of the Taxes Act 1988 (allowances of charges on income and capital), for “a covenanted donation to charity” there shall be substituted “ a qualifying donation ”.
- (2) In section 347A of that Act (annual payments and interest: general rule), subsections (2)(b), (7) and (8) shall cease to have effect.
- (3) In subsection (3) of section 348 of that Act (payments out of profits or gains brought into charge to income tax: deductions of tax), at the end there shall be inserted “ or to any payment which is a qualifying donation for the purposes of section 25 of the ^{M7}Finance Act 1990 ”.
- (4) In subsection (1) of section 349 of that Act (payments not out of profits or gains brought into charge to income tax, and annual interest), at the end there shall be inserted “ or to any payment which is a qualifying donation (within the meaning of section 339) or a qualifying donation for the purposes of section 25 of the ^{M8}Finance Act 1990 ”.
- (5) In subsection (6) of section 505 of that Act (charities: general), the words “and, for this purpose, all covenanted payments to charity (within the meaning of section 347A(7)) shall be treated as a single item” shall cease to have effect.
- ^{F9}(6)
- (7) Section 59 of the ^{M9}Finance Act 1989 (covenanted subscriptions) shall cease to have effect.

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Cross Heading: Giving to charity. (See end of Document for details)

- (8) Where a deed of covenant executed by an individual before 6th April 2000 provides for the payment of specified amounts, any amount payable under the deed on or after that date shall be determined as if the individual were entitled to deduct tax from that amount at the basic rate.
- (9) This section shall have effect in relation to covenanted payments—
- (a) falling to be made by individuals on or after 6th April 2000; or
 - (b) made by companies on or after 1st April 2000.

Textual Amendments

- F9** S. 41(6) repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

Marginal Citations

- M7** 1990 c. 29.
M8 1990 c. 29.
M9 1989 c. 26.

42 Millennium gift aid.

- (1) In section 48 of the ^{M10}Finance Act 1998 (gifts of money for relief in poor countries), subsections (3), (6) and (7) shall cease to have effect.
- (2) In subsection (4) of that section—
- (a) in paragraph (a), after “made” there shall be inserted “ before 6th April 2000 ”;
 - (b) after paragraph (b) there shall be inserted—
 - “(bb) the subsequent gift, or at least one of the subsequent gifts, is made on or after 6th April 2000;”;
- and
- (c) in paragraph (c), for “appropriate certificate” there shall be substituted “ appropriate declaration ”.
- (3) In subsection (8) of that section, for the definition of “relevant gift” there shall be substituted—
- ““relevant gift” means a gift to which this section applies—
- (a) which satisfies the requirements of subsection (2) of section 25 of the ^{M11}Finance Act 1990 (as amended by section 39 of the Finance Act 2000); or
 - (b) which would satisfy those requirements if paragraph (e) of that subsection were disregarded.”.

Marginal Citations

- M10** 1998 c. 36.
M11 1990 c. 29.

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Cross Heading: Giving to charity. (See end of Document for details)

43 Gifts of shares and securities to charities etc.

(1) After section 587A of the Taxes Act 1988 there shall be inserted—

“587B Gifts of shares and securities to charities etc.

- (1) Subsections (2) and (3) below apply where, otherwise than by way of a bargain made at arm’s length, an individual, or a company which is not itself a charity, disposes of the whole of the beneficial interest in a qualifying investment to a charity.
- (2) On a claim made in that behalf to an officer of the Board—
 - (a) the relevant amount shall be allowed—
 - (i) in the case of a disposal by an individual, as a deduction in calculating his total income for the purposes of income tax for the year of assessment in which the disposal is made;
 - (ii) in the case of a disposal by a company, as a charge on income for the purposes of corporation tax for the accounting period in which the disposal is made; and
 - (b) no relief in respect of the disposal shall be given under section 83A or any other provision of the Income Tax Acts;

but paragraph (a)(i) above shall not apply for the purposes of any computation under section 550(2)(a) or (b).
- (3) The consideration for which the charity’s acquisition of the qualifying investment is treated by virtue of section 257(2) of the 1992 Act as having been made—
 - (a) shall be reduced by the relevant amount; or
 - (b) where that consideration is less than that amount, shall be reduced to nil.
- (4) Subject to subsections (5) to (7) below, the relevant amount is an amount equal to—
 - (a) where the disposal is a gift, the market value of the qualifying investment at the time when the disposal is made;
 - (b) where the disposal is at an undervalue, the difference between that market value and the amount or value of the consideration for the disposal.
- (5) Where there are one or more benefits received in consequence of making the disposal which are received by the person making the disposal or a person connected with him, the relevant amount shall be reduced by the value of that benefit or, as the case may be, the aggregate value of those benefits; and section 839 applies for the purposes of this subsection.
- (6) Where the disposal is a gift, the relevant amount shall be increased by the amount of the incidental costs of making the disposal to the person making it.
- (7) Where the disposal is at an undervalue—
 - (a) to the extent that the consideration for the disposal is less than that for which the disposal is treated as made by virtue of section 257(2)(a) of the 1992 Act, the relevant amount shall be increased by the amount

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- of the incidental costs of making the disposal to the person making it; and
- (b) section 48 of that Act (consideration due after time of disposal) shall apply in relation to the computation of the relevant amount as it applies in relation to the computation of a gain.
- (8) In the case of a disposal by a company which is carrying on life assurance business—
- (a) if the company is charged to tax under Case I of Schedule D in respect of such business, subsections (2) and (3) above shall not apply;
- (b) if the company is not so charged to tax in respect of such business—
- (i) subsection (2)(a)(ii) above shall have effect as if for “a charge on income” there were substituted “an expense of management”; and
- (ii) the relevant amount given by subsection (4) above shall be reduced by so much (if any) of that amount as is not referable to basic life assurance and general annuity business;
- and for the purpose of determining how much (if any) of that amount is not so referable, section 432A shall have effect as if that amount were a gain accruing on the disposal of the qualifying investment to the company.
- (9) In this section—
- “authorised unit trust” and “open-ended investment company” have the meanings given by section 468;
- “charity” has the same meaning as in section 506 and includes each of the bodies mentioned in section 507(1);
- “the incidental costs of making the disposal to the person making it” shall be construed in accordance with section 38(2) of the 1992 Act;
- “life assurance business” and related expressions have the same meaning as in Chapter I of Part XII;
- “offshore fund” means a collective investment scheme (within the meaning of the ^{M12}Financial Services Act 1986) which is constituted by any company, unit trust scheme or other arrangement falling within paragraph (a), (b) or (c) of section 759(1);
- “qualifying investment” means any of the following—
- (a) shares or securities which are listed or dealt in on a recognised stock exchange;
- (b) units in an authorised unit trust;
- (c) shares in an open-ended investment company; and
- (d) an interest in an offshore fund.
- (10) Subject to subsection (11) below, the market value of any qualifying investment shall be determined for the purposes of this section as for the purposes of the 1992 Act.
- (11) In the case of an interest in an offshore fund for which there are separate published buying and selling prices, section 272(5) of the 1992 Act (meaning of “market value” in relation to rights of unit holders in a unit trust scheme)

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shall apply with any necessary modifications for determining the market value of the interest for the purposes of this section.”.

(2) In subsection (2) of section 338 of that Act (allowances of charges on income and capital), immediately before paragraph (a) there shall be inserted—

“(za) amounts allowed as charges on income under section 587B(2)(a)(ii);”.

(3) This section has effect in relation to—

- (a) disposals made by individuals on or after 6th April 2000; and
- (b) disposals made by companies on or after 1st April 2000.

Marginal Citations

M12 1986 c. 60.

44 Gifts to charity from certain trusts.

^{F10}(1)

^{F10}(2)

^{F10}(3)

(4) Where in any year of assessment qualifying income arising under a [^{F11}trust the trustees of which are resident in the United Kingdom (a “UK trust”)] exceeds the amount of that income falling within [^{F12}section 628(1) or 630(1) of ITTOIA 2005], any management expenses for that year shall be rateably apportioned between—

- (a) so much of that income as is equal to that amount; and
- (b) so much of that income as exceeds that amount.

[^{F13}(5) In this section—

“qualifying income” has the same meaning as in section 628 of ITTOIA 2005; and

“resident”, in relation to the trustees of a trust, shall be construed in accordance with section 110 of the Finance Act 1989.]

(6) This section has effect in relation to qualifying income arising to a UK trust on or after 6th April 2000.

Textual Amendments

F10 S. 44(1)-(3) repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 512\(2\)](#), [Sch. 3](#) (with [Sch. 2](#))

F11 Words in s. 44(4) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 512\(3\)\(a\)](#) (with [Sch. 2](#))

F12 Words in s. 44(4) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 512\(3\)\(b\)](#) (with [Sch. 2](#))

F13 S. 44(5) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 512\(4\)](#) (with [Sch. 2](#))

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Cross Heading: Giving to charity. (See end of Document for details)

F14 45 Loans to charities.

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Textual Amendments

F14 S. 45 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 513, Sch. 3](#) (with [Sch. 2](#))

46 Exemption for small trades etc.

- (1) [F15 Subject to subsections (2) and (2A) below, exemption—
- (a) from income tax—
 - (i) under Part 2 of ITTOIA 2005 in respect of a trade carried on wholly or partly in the United Kingdom, or
 - (ii) under or by virtue of any provision to which section 836B of the Taxes Act 1988 applies, or
 - (b) from corporation tax under Case I or VI of Schedule D,
- shall be granted] on a claim made in that behalf to the Board, in respect of any income of a charity if the requirements of subsection (3) below are satisfied with respect to the income.

- [F16 (2) Exemption shall not be granted under subsection (1) above in respect of income which is chargeable to—
- (a) income tax under or by virtue of any provision to which section 836B of the Taxes Act 1988 applies, or
 - (b) corporation tax under Case VI of Schedule D,
- by virtue of any of the provisions mentioned in subsection (2A).

- (2A) The provisions are—
- (a) sections 214, 547(1)(b), 703, 776, 788, 790 or 804 of the Taxes Act 1988;
 - (b) paragraph 52(4) of Schedule 18 to the Finance Act 1998;
 - (c) Chapter 9 of Part 4, and Chapter 5 of Part 5, of ITTOIA 2005; and
 - (d) any other enactment specified in an order made by the Treasury.]
- (3) The requirements of this subsection are satisfied with respect to any income for a chargeable period if it is applied solely for the purposes of the charity and either—
- (a) the charity's gross income for the chargeable period does not exceed the requisite limit; or
 - (b) the charity had, at the beginning of the period, a reasonable expectation that its gross income for the period would not exceed that limit.
- (4) Subject to subsection (5) below, the requisite limit is whichever is the greater of—
- (a) £5,000; and
 - (b) whichever is the lesser of £50,000 and 25% of all of the charity's incoming resources for the chargeable period.
- (5) For a chargeable period of less than twelve months, the amounts of £5,000 and £50,000 specified in subsection (4) above shall be proportionally reduced.

- (6) In this section—

Status: Point in time view as at 06/04/2005.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Cross Heading: Giving to charity. (See end of Document for details)

“charity” means any body of persons or trust established for charitable purposes only;

“gross income”, in relation to a charity, means income before deduction of any expenses;

“income”, in relation to a charity, means [^{F17}—

- (a) any profits or other income or gains —
 - (i) which are chargeable to income tax under Part 2 of ITTOIA 2005 in respect of a trade carried on wholly or partly in the United Kingdom, or
 - (ii) which are chargeable to income tax under or by virtue of any provision to which section 836B of the Taxes Act 1988 applies, and which (in either case) are not, apart from this section, exempted from income tax chargeable under or by virtue of that Part or provision, or]
- (b) any profits or gains or other income which is chargeable to [^{F18}corporation] tax under Case I or VI of Schedule D and which is not, apart this section, exempted from tax under that Case.

- (7) This section applies for the year 2000-01 and subsequent years of assessment or, in the case of charities which are companies, for accounting periods beginning on or after 1st April 2000.

Textual Amendments

- F15** S. 46(1) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 514\(2\)](#) (with Sch. 2)
- F16** S. 46(2)(2A) substituted (6.4.2005) for s. 46(2) (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 514\(3\)](#) (with Sch. 2)
- F17** Words in s. 46(6) inserted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 514\(4\)\(a\)](#) (with Sch. 2)
- F18** Word in s. 46(6) inserted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 514\(4\)\(b\)](#) (with Sch. 2)

Status:

Point in time view as at 06/04/2005.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2000, Cross Heading:
Giving to charity.