



# Finance Act 2006

## 2006 CHAPTER 25

### PART 3

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

### CHAPTER 4

#### CHARITIES

#### 56 Trade profits

(1) In section 505 of ICTA (charities: exemptions) after subsection (1A) insert—

“(1B) For the purpose of subsection (1)(e)—

- (a) where a trade is exercised partly in the course of the actual carrying out of a primary purpose of the charity and partly otherwise, each part shall be treated as a separate trade (for which purpose reasonable apportionment of expenses and receipts shall be made), and
- (b) where the work in connection with the trade is carried out partly but not mainly by beneficiaries, the part in connection with which work is carried on by beneficiaries and the other part shall be treated as separate trades (for which purpose reasonable apportionment of expenses and receipts shall be made).”

(2) Subsection (1) shall have effect in respect of chargeable periods beginning on or after 22nd March 2006.