



Income Tax Act 2007

2007 CHAPTER 3

PART 10

SPECIAL RULES ABOUT CHARITABLE TRUSTS ETC

Restrictions on exemptions

539 Restrictions on exemptions

- (1) This section applies if a charitable trust has a non-exempt amount for a tax year (see section 540).
- (2) The exemptions under this Part do not apply, and are treated as never having applied, to so much of any income of the charitable trust for the tax year as is attributed under section 541 to the non-exempt amount.
- (3) Section 256(4) of TCGA 1992 contains corresponding restrictions which apply in relation to section 256(1) of that Act (gains accruing to charities not to be chargeable gains).

540 The non-exempt amount

- (1) A charitable trust has a non-exempt amount for a tax year if it has—
 - (a) non-charitable expenditure for the tax year (amount A), and
 - (b) attributable income and gains for the tax year (amount B).
- (2) The non-exempt amount for the tax year is—
 - (a) amount A, or
 - (b) if less, amount B.
- (3) For the purposes of this Part—
 - (a) a charitable trust's "attributable income" for a tax year is the charitable trust's income for the tax year that is exempt from income tax as a result of any of the exemptions under this Part,

Status: This is the original version (as it was originally enacted).

- (b) a charitable trust's "attributable gains" for a tax year are any gains accruing to the charitable trust in the tax year that as a result of section 261 of TCGA 1992, are not chargeable gains, and
 - (c) a charitable trust's "attributable income and gains" for a tax year is the sum of its attributable income for the tax year and its attributable gains for the tax year.
- (4) In applying subsection (3)(a) ignore any restrictions on the exemptions under this Part which result from section 539(2).
- (5) In applying subsection (3)(b) ignore any restriction on the exemption under section 256(1) of TCGA 1992 which results from section 256(4) of that Act.

541 Attributing income to the non-exempt amount

- (1) This section applies if a charitable trust has a non-exempt amount for a tax year.
- (2) Attributable income of the charitable trust for the tax year may be attributed to the non-exempt amount but only so far as the non-exempt amount has not been used up.
- (3) The non-exempt amount can be used up (in whole or in part) by—
- (a) attributable income being attributed to it under this section, or
 - (b) attributable gains being attributed to it under section 256A of TCGA 1992.
- (4) The whole of the non-exempt amount must be used up by—
- (a) attributable income being attributed to the whole of it under this section,
 - (b) attributable gains being attributed to the whole of it under section 256A of TCGA 1992, or
 - (c) a combination of attributable income being attributed to some of it under this section and attributable gains being attributed to the rest of it under section 256A of TCGA 1992.
- (5) See section 542 for the way in which income is to be attributed to the non-exempt amount under this section.

542 How income is attributed to the non-exempt amount

- (1) This section is about the ways in which attributable income can be attributed to a non-exempt amount under section 541.
- (2) The trustees of the charitable trust may specify the attributable income that is to be attributed to the non-exempt amount.
- (3) A specification under subsection (2) is made by notice to an officer of Revenue and Customs.
- (4) Subsection (6) applies if—
- (a) an officer of Revenue and Customs requires the trustees of a charitable trust to make a specification under this section, and
 - (b) the trustees have not given notice under subsection (3) of the specification before the end of the required period.
- (5) The required period is 30 days beginning with the day on which the officer made the requirement.

- (6) An officer of Revenue and Customs may determine the attributable income that is to be attributed to the non-exempt amount.