



# Income Tax Act 2007

## 2007 CHAPTER 3

### PART 10

#### SPECIAL RULES ABOUT CHARITABLE TRUSTS ETC

##### *Non-charitable expenditure*

#### **543 Meaning of “non-charitable expenditure”**

- (1) For the purposes of this Part a charitable trust's non-charitable expenditure for a tax year is—
- (a) any loss made in the tax year in a trade carried on by the charitable trust unless—
    - (i) the trade is a charitable trade in relation to the tax year, or
    - (ii) the trade is not a charitable trade in relation to the tax year but profits of the trade arising in the tax year would be exempt from income tax as a result of one of the exemptions in sections 526, 529 or 530,
  - (b) any payment made in the tax year by the charitable trust in connection with a trade in circumstances where relief is available under section 96 (post-cessation trade relief) unless—
    - (i) the trade was a charitable trade in relation to the tax year in which the cessation occurred, or
    - (ii) the trade was not a charitable trade in relation to that tax year but profits of the trade arising immediately before the cessation would have been exempt from income tax as a result of one of the exemptions in sections 526, 529 or 530,
  - (c) any loss made in the tax year in a trade, or in a UK property business or an overseas property business, carried on by the charitable trust, if—
    - (i) the loss relates to land, and
    - (ii) profits of the trade, or income of the business, generated from the land in the tax year would not be exempt from income tax as a result of the exemptions in section 531,

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*Changes to legislation: There are currently no known outstanding effects for the Income Tax Act 2007, Section 543. (See end of Document for details)*

- (d) any payment made in the tax year by the charitable trust in connection with a trade or UK property business in circumstances where relief is available under section 96 or 125 (post-cessation trade or property relief), if—
  - (i) the payment relates to land, and
  - (ii) profits of the trade, or income of the business, generated from the land immediately before the cessation would not have been exempt from income tax as a result of the exemptions in section 531,
- (e) any loss made in the tax year in a miscellaneous transaction entered into by the charitable trust otherwise than in the course of carrying out a charitable purpose,
- (f) any expenditure incurred by the charitable trust in the tax year, not falling within paragraphs (b) or (d), which is not incurred for charitable purposes only and is not required to be taken into account in calculating—
  - (i) the profits of, or losses made in, any trade, UK property business or overseas property business carried on by the charitable trust, or
  - (ii) the profit or loss made in any miscellaneous transaction entered into by the charitable trust,
- <sup>F1</sup>(g) .....
- <sup>F1</sup>(h) .....
- (i) the amount of any of the charitable trust's funds that is invested in the tax year in an investment which is not an approved charitable investment (see section 558), and
- (j) any amount lent in the tax year by the charitable trust, if the loan is neither an investment nor an approved charitable loan (see section 561).

But anything which falls within more than one of the above paragraphs counts as non-charitable expenditure only once.

- (2) An amount may also be non-charitable expenditure for a tax year as a result of section 562 (excess expenditure treated as non-charitable expenditure of earlier years).
- (3) This section needs to be read with—
  - section 525 (meaning of “charitable trade”),
  - sections 544 to 548 (supplementary provision in relation to this section, in particular in relation to subsection (1)(f), (i) and (j)),
  - sections 549 to 557 (transactions with substantial donors),
  - section 558 (approved charitable investments), and
  - section 561 (approved charitable loans).

**Textual Amendments**

**F1** S. 543(1)(g)(h) omitted (19.7.2011) (with effect in accordance with Sch. 3 para. 27 of the amending Act) by virtue of [Finance Act 2011 \(c. 11\)](#), [Sch. 3 para. 12](#)

**Modifications etc. (not altering text)**

**C1** S. 543(1)(f) modified by [Income and Corporation Taxes Act 1988 \(c. 1\)](#), [s. 339\(3B\)\(a\)](#) (as inserted by The Enactment of Extra-Statutory Concessions Order 2010 (S.I. 2010/157), arts. 1, 5(1)(2))

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