



# Corporation Tax Act 2010

## 2010 CHAPTER 4

### PART 6

#### CHARITABLE DONATIONS RELIEF

### CHAPTER 2

#### CERTAIN PAYMENTS TO CHARITY

#### *Qualifying payments*

#### **198 Payments and benefits linked to periods of less than 12 months**

- (1) This section modifies the application of section 197(2) in relation to a payment if condition A, B, C or D is met.
- (2) Condition A is that a benefit associated with the payment relates to a period of less than 12 months.
- (3) Condition B is that a benefit associated with the payment consists of a right to receive benefits at intervals over a period of less than 12 months.
- (4) Condition C is that a benefit associated with the payment is one of a series of benefits which are—
  - (a) received at intervals, and
  - (b) associated with a series of payments made at intervals of less than 12 months.
- (5) Condition D is that—
  - (a) a benefit associated with the payment is not one of a series of benefits received at intervals, and
  - (b) the payment is one of a series of payments made at intervals of less than 12 months.
- (6) If condition A, B or C is met, then for the purposes of section 197(2)—

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*Status: This is the original version (as it was originally enacted).*

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- (a) the value of the benefit is taken to be the annual equivalent of its actual value, and
  - (b) the amount of the payment is taken to be the annual equivalent of its actual amount.
- (7) If condition D is met, the amount of the payment is taken for the purposes of section 197(2) to be the annual equivalent of its actual amount.
- (8) The annual equivalent of the value of a benefit, or of the amount of a payment, is found as follows.

*Step 1*

Multiply the value or amount by 365.

*Step 2*

If condition A or B is met in relation to the benefit (and neither condition C nor condition D is met in relation to it) divide the result by the number of days in the period of less than 12 months referred to in subsection (2) or (as the case may be) subsection (3).

If condition C or D is met in relation to the benefit, divide the result by the average number of days in the intervals of less than 12 months referred to in subsection (4)(b) or (as the case may be) subsection (5)(b).