

# Bill 6

---

---

## CONTENTS

### PART 1

#### CHARGES ON INCOME

##### CHAPTER 1

###### CHARGES ALLOWED

- 1 Charges on income allowed [j30001]
- 2 Charges on income: meaning [j30002]

##### CHAPTER 2

###### QUALIFYING DONATIONS

###### *Qualifying donations*

- 3 Qualifying donations [j30003]
- 4 Associated acquisition etc [j30008]
- 5 Distributions [j30004]
- 6 Associated benefits [j30009]
- 7 Associated benefits: meaning [j30005]
- 8 Restrictions on associated benefits [j30006]
- 9 Gifts and benefits linked to periods of less than 12 months [j30007]

###### *Gift attributed to earlier period*

- 10 Gift attributed to earlier accounting period [j30010]

###### *Interpretation*

- 11 Company wholly owned by a charity [j30011]
- 12 Associated persons [j30012]
- 13 Charity [j30013]

**CHAPTER 3****OTHER DISPOSALS***Entitlement to relief*

- 14 Certain gifts to charities [j30014]
- 15 Meaning of qualifying investment [j30015]
- 16 Meaning of qualifying interest in land [j30016]
- 17 The relievable amount [j30017]
- 18 Incidental costs of making disposal [j30018]
- 19 Consideration [j30019]

*Value of net benefit to charity*

- 20 Value of net benefit to charity [j30020]
- 21 Market value of qualifying investments [j30021]
- 22 Meaning of “disposal-related obligation” [j30022]
- 23 Meaning and amount of “disposal-related liability” [j30023]

*Special provisions about qualifying interests in land*

- 24 Certificate required from charity [j30024A]
- 25 Qualifying interests in land held jointly [j30031]
- 26 Amount of relief where joint disposal of interest in land [j30032]
- 27 Disqualifying events [j30033]

*Supplementary*

- 28 Meaning of connected person [j30028]
- 29 Charity [j30029]

- 
- Schedule 1 – Amendments [J30001S]
    - Part 1 – Income and Corporation Taxes Act 1988
    - Part 2 – Taxation of Chargeable Gains Act 1992
    - Part 3 – Income Tax Act 2007
  - Schedule 2 – Transitionals and savings [j30001T]

## PART 1

### CHARGES ON INCOME

#### CHAPTER 1

##### CHARGES ALLOWED

### 1 Charges on income allowed [j30001]

- (1) Charges on income are allowed as deductions from a company's total profits in computing the corporation tax chargeable for an accounting period.

Origin: ICTA 1988 s.338(1).

- (2) They are deducted from the company's total profits for the period as reduced by any other relief from tax other than group relief.

Origin: ICTA 1988 s.338(2.)

- (3) The amount of the deduction is limited to the amount that reduces the company's total profits for the period to nil.

Origin: ICTA 1988 s.338(3).

- (4) Except as otherwise provided, a deduction is allowed only in respect of payments made by the company in the accounting period concerned.

Origin: ICTA 1988 s.338(4).

- (5) The above provisions are subject to any express exceptions in the Corporation Tax Acts.

Origin: ICTA 1988 s.338(5).

### 2 Charges on income: meaning [j30002]

- (1) The following (and only the following) are charges on income for corporation tax purposes –

- (a) gifts which are qualifying donations for the purposes of Chapter 2 (certain gifts to charity), and
- (b) amounts allowed as charges on income under Chapter 3 (certain disposals to charity allowed on a claim being made).

Origin: ICTA 1988 s.338A(1), (2).

- (2) However, no payment that is deductible in computing profits for corporation tax purposes is a charge on income.

Origin: ICTA 1988 s.338A(1), (3); s.339(1).

---

**CHAPTER 2****QUALIFYING DONATIONS***Qualifying donations***3 Qualifying donations [j30003]**

- (1) A gift made to a charity by a company is a qualifying donation for the purposes of this Chapter if conditions A to F are met.

*Origin: ICTA 1988 s.339(1).*

- (2) Condition A is that the gift takes the form of a payment of a sum of money.

*Origin: ICTA 1988 s.339(1).*

- (3) Condition B is that the payment is not subject to a condition as to repayment.

*Origin: ICTA 1988 s.339(3B).*

- (4) Condition C is that the company making the payment is not itself a charity.

*Origin: ICTA 1988 s.339(3G).*

- (5) Condition D is that the payment is not disqualified under section 4 (associated acquisition etc by the charity).

*Origin: ICTA 1988 s.339(3E).*

- (6) Condition E is that the payment is not disqualified under section 5 (certain distributions).

*Origin: ICTA 1988 s.339(1).*

- (7) Condition F is that the payment is not disqualified under section 6 (associated benefits).

*Origin: ICTA 1988 s.339(3B).*

- (8) A gift which is a qualifying donation for the purposes of this Chapter is allowed as a charge on income in accordance with section 2.

*Origin: drafting.*

**4 Associated acquisition etc [j30008]**

- (1) A payment is disqualified under this section if—
- it is conditional on an acquisition of property by the charity from the company or a person associated with the company,
  - it is associated with such an acquisition, or
  - it is part of an arrangement involving such an acquisition.

*Origin: ICTA 1988 s.339(3E).*

- (2) An acquisition by way of gift is to be ignored for the purposes of this section.

*Origin: ICTA 1988 s.339(3E).*

## 5 Distributions [j30004]

- (1) A payment is disqualified under this section if it is to be regarded as a distribution by reason of any provision of the Taxes Acts (within the meaning of TMA 1970) except [section 209(4) of ICTA].

Origin: ICTA 1988 s.339(1).

- (2) In deciding whether a payment is to be regarded as a distribution for the purposes of subsection (1) above, the words in [section 209(5) of ICTA] from “; and any amount” to the end are to be ignored.

Origin: ICTA 1988 s.339(1A).

- (3) A payment (other than a dividend) made by a company which is wholly owned by a charity is not to be regarded as a distribution for the purposes of subsection (1) above.

Origin: ICTA 1988 s.339(1B).

## 6 Associated benefits [j30009]

- (1) A payment is disqualified under this section if—
- (a) benefits are associated with the gift, and
  - (b) the restrictions on benefits associated with a gift are breached.

Origin: ICTA 1988 s.339(3B).

- (2) Sections 7 to 9 apply for these purposes.

Origin: ICTA 1988 s.339(3B).

## 7 Associated benefits: meaning [j30005]

For the purposes of this Chapter a benefit is associated with a gift if—

- (a) it is received by the company which made the gift or by a person associated with the company, and
- (b) it is received in consequence of making the gift.

Origin: ICTA 1988 s.339(3B).

## 8 Restrictions on associated benefits [j30006]

- (1) For the purposes of this Chapter the restrictions on benefits associated with a gift are breached if condition A or condition B is met.

Origin: ICTA 1988 s.339(3B).

- (2) Condition A is that the total value of the benefits associated with the gift exceeds the variable limit, which is—

- (a) 25% of the amount of the gift, if the amount of the gift is £100 or less,
- (b) £25, if the amount of the gift is more than £100 but not more than £1,000,
- (c) 5% of the amount of the gift, if the amount of the gift is more than £1,000.

Origin: ICTA 1988 s.339(3B), (3C), (3DA).

- (3) Condition B is that the sum of the following total values is more than £500—

- (a) the total value of the benefits associated with the gift, and
- (b) the total value of the benefits (if any) associated with each relevant prior gift.

Origin: ICTA 1988 s.339(3B), (3C), (3D).

- (4) A relevant prior gift is a gift –
  - (a) which has already been made by the company to the charity in the accounting period, and
  - (b) which is a qualifying donation.

Origin: ICTA 1988 s.339(3D).

- (5) This section needs to be read with section 9.

Origin: drafting.

## 9 Gifts and benefits linked to periods of less than 12 months [j30007]

- (1) This section modifies the application of section 8(2) in relation to a gift if condition A, B, C or D is met.

Origin: ICTA 1988 s.339(3DB), (3DC), (3DD).

- (2) Condition A is that a benefit associated with the gift relates to a period of less than 12 months.

Origin: ICTA 1988 s.339(3DB).

- (3) Condition B is that a benefit associated with the gift consists of a right to receive benefits at intervals over a period of less than 12 months.

Origin: ICTA 1988 s.339(3DB).

- (4) Condition C is that a benefit associated with the gift is one of a series of benefits which are –
  - (a) received at intervals, and
  - (b) associated with a series of gifts made at intervals of less than 12 months.

Origin: ICTA 1988 s.339(3DB).

- (5) Condition D is that –
  - (a) a benefit associated with the gift is not one of a series of benefits received at intervals, and
  - (b) the gift is one of a series of gifts made at intervals of less than 12 months.

Origin: ICTA 1988 s.339(3DC).

- (6) If condition A, B or C is met, then for the purposes of section 8(2) –
  - (a) the value of the benefit is taken to be the annual equivalent of its actual value, and
  - (b) the amount of the gift is taken to be the annual equivalent of its actual amount.

Origin: ICTA 1988 s.339(3DB), (3DD).

- (7) If condition D is met, the amount of the gift is taken for the purposes of section 8(2) to be the annual equivalent of its actual amount.

**Origin:** ICTA 1988 s.339(3DC), (3DD).

- (8) The annual equivalent of the value of a benefit, or of the amount of a gift, 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 then case may be) subsection (5)(b).

**Origin:** ICTA 1988 s.339(3DD); Annex 1, Change [jc 658].

*Gift attributed to earlier period*

## **10 Gift attributed to earlier accounting period [j30010]**

- (1) This section applies if—
- a company makes a qualifying donation,
  - the company is wholly owned by a charity, and
  - the company makes a claim for the donation (or part of it) to be treated for the purposes of section 1 as a charge on income paid in an accounting period falling wholly or partly within the period of 9 months ending with the date of the making of the donation.

**Origin:** ICTA 1988 s.339(7AA).

- (2) The donation (or part) must be treated as a charge on income paid in that accounting period and not in any later period.

**Origin:** ICTA 1988 s.339(7AA).

- (3) A claim 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 an officer of Revenue and Customs may allow.

**Origin:** ICTA 1988 s.339(7AA); Annex 1, Change [jc601].

*Interpretation*

## **11 Company wholly owned by a charity [j30011]**

- (1) For the purposes of this Chapter a company is wholly owned by a charity if condition A or condition B is met.

**Origin:** ICTA 1988 s.339(7AB).

- (2) Condition A is that—

- (a) the company has an ordinary share capital, and
- (b) every part of the share capital is owned by a charity (whether or not the same charity).

Origin: ICTA 1988 s.339(7AB).

- (3) Condition B is that—
- (a) the company is limited by guarantee, and
  - (b) every beneficiary of the company is or must be a charity or a company wholly owned by a charity.

Origin: ICTA 1988 s.339(7AB).

- (4) Ordinary share capital of a company must be treated as owned by a charity if a charity—
- (a) directly or indirectly owns the share capital within the meaning of [section 838 of ICTA], or
  - (b) would be taken so to own it if references in that section to a body corporate included references to a charity which is not a body corporate.

Origin: ICTA 1988 s.339(7AC).

- (5) A beneficiary of a company is a person who—
- (a) is beneficially entitled to participate in the company’s divisible profits, or
  - (b) will be beneficially entitled to share in any of the company’s net assets available for distribution on its winding up.

Origin: ICTA 1988 s.339(7AB).

## 12 Associated persons [j30012]

- (1) For the purposes of this Chapter a person is associated with a company if the person is connected with—
- (a) the company, or
  - (b) a person connected with the company.

Origin: ICTA 1988 s.339(7A).

- (2) [Section 839 of ICTA] applies for this purpose.

Origin: ICTA 1988 s.339(7A).

## 13 Charity [j30013]

- (1) In this Chapter “charity” has the same meaning as in [section 506 of ICTA].

Origin: ICTA 1988 s.339(9).

- (2) It also includes—
- (a) each of the bodies mentioned in [section 507 of ICTA],
  - (b) any Association of a description specified in [section 508 of that Act].

Origin: ICTA 1988 s.339(9).

### CHAPTER 3

#### OTHER DISPOSALS

##### *Entitlement to relief*

#### **14 Certain gifts to charities [j30014]**

- (1) This section applies if –
- a company disposes of the whole of the beneficial interest in a qualifying investment to a charity,
  - the disposal is otherwise than by way of a bargain made at arm's length,
  - the company is not itself a charity, and
  - the company makes a claim.

*Origin:* ICTA 1988 s.587B(1), (2).

- (2) The relievable amount is allowed as a charge on income for corporation tax purposes for the accounting period in which the disposal is made.

*Origin:* ICTA 1988 s.587B(2).

- (3) No relief in respect of the disposal is to be given under [section 83A of ICTA].

*Origin:* ICTA 1988 s.587B(2).

#### **15 Meaning of qualifying investment [j30015]**

- (1) In this Chapter “qualifying investment” means any of the following –
- shares or securities which are listed on a recognised stock exchange or dealt in on a designated market in the United Kingdom,
  - units in an authorised unit trust,
  - shares in an open-ended investment company,
  - an interest in an offshore fund, and
  - a qualifying interest in land.

*Origin:* ICTA 1988 s.587B(9).

- (2) In this section –
- “authorised unit trust” has the meaning given by section 468 of ICTA,  
“offshore fund” has the same meaning as in Chapter 5 of Part 17 of ICTA  
(see sections 756A to 756C of that Act),  
“open-ended investment company” is to be read in accordance with  
section 468A(2) to (4) of ICTA.

*Origin:* ICTA 1988 s.587B(9).

- (3) In paragraph (a) of subsection (1) “designated” means designated by an order made by the Commissioners for Her Majesty’s Revenue and Customs for the purposes of that paragraph.

*Origin:* ICTA 1988 s.587B(9ZA).

- (4) An order under subsection (3) –

- (a) may designate a market by name or by reference to a class or description of market;
- (b) may vary or revoke a previous order under that subsection.

Origin: ICTA 1988 s.587B(9ZB).

## 16 Meaning of qualifying interest in land [j30016]

- (1) In this Chapter “qualifying interest in land” means –
- (a) a freehold interest in land in the United Kingdom, or
  - (b) a leasehold interest in land in the United Kingdom which is a term of years absolute.

This is subject to subsections (2) to (5).

Origin: ICTA 1988 s.587B(9A).

- (2) Subsection (3) applies if a company with a beneficial interest in a freehold or leasehold interest mentioned in subsection (1)(a) or (b) makes a disposal to a charity of –
- (a) the whole of the beneficial interest, and
  - (b) an easement, servitude, right or privilege so far as benefiting the land in question.

Origin: ICTA 1988 s.587B(9B).

- (3) The disposal mentioned in subsection (2)(b) is regarded for the purposes of this Chapter as a disposal by the company of the whole of its beneficial interest in a qualifying interest in land separate from the disposal mentioned in subsection (2)(a).

Origin: ICTA 1988 s.587B(9B).

- (4) If a company which has a freehold or leasehold interest in land in the United Kingdom grants a lease for a term of years absolute to a charity of the whole or part of the land, the grant of the lease is regarded for the purposes of this Chapter as a disposal by the company of the whole of the beneficial interest in the leasehold interest so granted.

Origin: ICTA 1988 s.587B(9C).

- (5) Neither an agreement to acquire a freehold interest nor an agreement for a lease is a qualifying interest in land.

Origin: ICTA 1988 s.587B(9D).

- (6) In the application of this section to Scotland –
- (a) references to a freehold interest in land are to the interest of the owner,
  - (b) references to a leasehold interest in land which is a term of years absolute are to a tenant’s right over or interest in a property subject to a lease,
  - (c) references to an agreement for a lease do not include missives of let that constitute an actual lease, and
  - (d) the reference in subsection (4) to granting a lease for a term of years absolute is to granting a lease.

Origin: ICTA 1988 s.587B(9C),(9E).

## 17 The relievable amount [j30017]

- (1) If the disposal is a gift, the relievable amount is given by the formula –

$$V + IC - B$$

where –

V is the value of the net benefit to the charity at, or immediately after, the time when the disposal is made (whichever is less),

IC is the amount of the incidental costs of making the disposal to the company making it, and

B is the total value of any benefits received in consequence of making the disposal by the company making the disposal or a person connected with the company.

Origin: ICTA 1988 s.587B(4), (5), (6).

- (2) If the disposal is at an undervalue, the relievable amount is given by the formula –

$$E + C - B$$

where –

E is the amount (if any) by which V (as defined in subsection (1)) exceeds the amount or value of the consideration for the disposal,

C is given by subsection (4), and

B is as defined in subsection (1).

Origin: ICTA 1988 s.587B(4), (5).

- (3) But if the amount given by the formula in subsection (1) or (2) is a negative amount, the relievable amount is nil.

Origin: Drafting.

- (4) C is found as follows.

### *Step 1*

Calculate the consideration for which the disposal is treated as made for the purposes of TCGA 1992 as a result of section 257(2)(a) of that Act (in case of disposal to charity etc, consideration to be such that no gain or loss accrues).

### *Step 2*

Find the excess (if any) of the amount calculated at Step 1 over the amount or value of the consideration for the disposal.

If there is such an excess, C is the amount of that excess or, if less, the amount of the incidental costs of making the disposal to the company making it.

If there is no such excess, C is nil.

Origin: ICTA 1988 s.587B(7).

- (5) This section needs to be read with—
- (a) section 18 (incidental costs of making disposal),
  - (b) section 19 (consideration), and
  - (c) sections 20 to 23 (value of net benefit to charity).

Origin: Drafting.

## 18 Incidental costs of making disposal [j30018]

References in section 17 to the incidental costs of making the disposal to the company making it are to—

- (a) fees, commission or remuneration paid for the professional services of a surveyor, valuer, auctioneer, accountant, agent or legal adviser which are wholly and exclusively incurred by the company for the purposes of the disposal,
- (b) costs of transfer or conveyance wholly and exclusively incurred by the company for the purposes of the disposal,
- (c) costs of advertising to find a buyer, and
- (d) costs reasonably incurred in making any valuation or apportionment required for the purposes of this Chapter.

Origin: ICTA 1988 s.587B(9).

## 19 Consideration [j30019]

If the disposal is at an undervalue, section 48 of TCGA 1992 (consideration due after time of disposal) applies in relation to the calculation of the relievable amount as it applies in relation to the computation of a gain.

Origin: ICTA 1988 s.587B(7).

*Value of net benefit to charity*

## 20 Value of net benefit to charity [j30020]

- (1) For the purposes of this Chapter the value of the net benefit to a charity is—
- (a) the market value of the qualifying investment, or
  - (b) if the charity is, or becomes, subject to a disposal-related obligation, the market value of the qualifying investment reduced by the total amount of the disposal-related liabilities of the charity.

Origin: ICTA 1988 s.587B(8A), (8B), (9).

- (2) This section is supplemented by—
- (a) section 21 (market value of qualifying investments),
  - (b) section 22 (meaning of disposal-related obligation), and
  - (c) section 23 (meaning and amount of disposal-related liability).

Origin: Drafting.

## **21 Market value of qualifying investments [j30021]**

- (1) For the purposes of this Chapter the market value of a qualifying investment is determined in accordance with sections 272 to 274 of TCGA 1992 (subject to Part I of Schedule 11 to that Act).

Origin: ICTA 1988 s.587B(10).

- (2) But, in the case of an interest in an offshore fund for which separate buying and selling prices are published regularly by the managers of the fund, the market value for the purposes of this Chapter is an amount equal to the buying price (that is the lower price) published on –
  - (a) the day of the disposal, or
  - (b) if none were published on that day, the latest day on which the prices were published before that day.

Origin: ICTA 1988 s.587B(11).

- (3) In this section “offshore fund” has the same meaning as in Chapter 5 of Part 17 of ICTA (see sections 756A to 756C of that Act).

Origin: ICTA 1988 s.587B(9).

## **22 Meaning of “disposal-related obligation” [j30022]**

- (1) For the purposes of this Chapter an obligation is a “disposal-related obligation”, in relation to a qualifying investment, if condition A or condition B is met in relation to it.

Origin: ICTA 1988 s.587B(8B).

- (2) The obligation may be to any person (whether or not the company making the disposal or a person connected with it).

Origin: ICTA 1988 s.587B(8B).

- (3) Condition A is that it is reasonable to suppose that the disposal of the qualifying investment to the charity would not have been made in the absence of the obligation.

Origin: ICTA 1988 s.587B(8C).

- (4) Condition B is that the obligation (whether in whole or in part) relates to, is framed by reference to, or is conditional on the charity receiving, the qualifying investment or a disposal-related investment.

Origin: ICTA 1988 s.587B(8C).

- (5) In applying condition A all the circumstances must be taken into account (including in particular the difference in the value of the net benefit to the charity calculated under section 20(1)(a) and that value calculated under section 20(1)(b) on the assumption that the obligation under consideration is a disposal-related obligation).

Origin: ICTA 1988 s.587B(8C).

- (6) In subsection (4) “disposal-related investment” means any of the following –
  - (a) an asset of the same class or description as the qualifying investment (irrespective of size, quantity or amount),

- (b) an asset derived from, or representing, the qualifying investment, whether in whole or in part and whether directly or indirectly, and
- (c) an asset from which the qualifying investment is derived, or which the qualifying investment represents, whether in whole or in part and whether directly or indirectly.

Origin: ICTA 1988 s.587B(8D).

- (7) In this section “obligation” includes a reference to each of the following –
- (a) a scheme, arrangement or understanding of any kind, whether or not legally enforceable, and
  - (b) a series of obligations (whether or not between the same parties).

Origin: ICTA 1988 s.587B(9).

### **23 Meaning and amount of “disposal-related liability” [j30023]**

- (1) For the purposes of this Chapter a liability is a “disposal-related liability” in the case of a qualifying investment if it is a liability of the charity under a disposal-related obligation in relation to the qualifying investment.

Origin: ICTA 1988 s.587B(8E), (9).

- (2) If the disposal-related obligation is contingent, the amount to be brought into account for the purposes of section 20 at any time in respect of the disposal-related liability, so far as contingent, is –
- (a) if the contingency occurs, the amount or value of the liability actually incurred in consequence of the occurrence of the contingency, or
  - (b) if the contingency does not occur, nil.

Origin: ICTA 1988 s.587B(8F),(8G).

#### *Special provisions about qualifying interests in land*

### **24 Certificate required from charity [j30024A]**

- (1) This section applies if the qualifying investment is a qualifying interest in land.

Origin: ICTA 1988 s.587C(1).

- (2) No company may make a claim for relief under this Chapter unless the company has received a certificate given by or on behalf of the charity.

Origin: ICTA 1988 s.587C(4).

- (3) The certificate must –
- (a) describe the qualifying interest in land,
  - (b) specify the date of the disposal, and
  - (c) state that the charity has acquired the qualifying interest in land.

Origin: ICTA 1988 s.587C(5).

### **25 Qualifying interests in land held jointly [j30031]**

- (1) This section applies if the qualifying investment is a qualifying interest in land.

Origin: ICTA 1988 s.587BA(1).

- (2) It applies if two or more persons (the owners) –
- (a) are jointly beneficially entitled to the qualifying interest in land, or
  - (b) are, taken together, beneficially entitled in common to the qualifying interest in land.

Origin: ICTA 1988 s.587BA(2).

- (3) Relief under this Chapter is available if –
- (a) at least one of the owners is a qualifying company, and
  - (b) all the owners dispose of the whole of their beneficial interests in the qualifying interest in land to the charity.

Origin: ICTA 1988 s.587BA(2).

- (4) Relief under this Chapter is available to each of the owners which is a qualifying company (and section 26 applies).

Origin: ICTA 1988 s.587BA(5).

- (5) A company is a qualifying company if it is not itself a charity.

Origin: ICTA 1988 s.587BA(13).

- (6) Subsection (7) applies if one or more of the owners is not a company.

Origin: ICTA 1988 s.587BA(3).

- (7) For the purpose of determining whether the owners' beneficial interests are disposed of as mentioned in subsection (3)(b), subsections (2) to (4) of section 16 apply as if references to a company included references to a person who is not a company.

Origin: ICTA 1988 s.587BA(4).

## **26 Amount of relief where joint disposal of interest in land [j30032]**

- (1) If relief under this Chapter is available as a result of section 25, this section applies for the purpose of finding –
- (a) the relievable amount, and
  - (b) the amount of relief to be given to a qualifying company.

Origin: Drafting.

- (2) If one or more of the owners is an individual, subsections (3) and (4) apply.

Origin: ICTA 1988 s.587BA(6).

- (3) The relievable amount is taken to be the relievable amount calculated for the purposes of Chapter 3 of Part 8 of ITA 2007.

Origin: ICTA 1988 s.587BA(6).

- (4) The amount of relief under this Chapter to be given to a qualifying company is such share of the relievable amount as is allocated to the company by the agreement mentioned in section 442(5) of ITA 2007.

Origin: ICTA 1988 s.587BA(6).

- (5) If none of the owners is an individual, subsections (6) to (9) apply.

Origin: ICTA 1988 s.587BA(7).

- (6) Calculate the relievable amount under this Chapter as if –
- (a) the owners were a single qualifying company, and
  - (b) the disposals of the owners' beneficial interests were a single disposal by that single company of the whole of the beneficial interest in the qualifying interest in land.

Origin: ICTA 1988 s.587BA(9); drafting.

- (7) In particular, calculate the consideration mentioned at Step 1 in section 17(4) by –
- (a) calculating, for each owner, the consideration for which the disposal of the owner's beneficial interest is treated as made for the purposes of TCGA 1992 as a result of section 257(2)(a) of that Act, and
  - (b) adding together all the consideration calculated under paragraph (a).

Origin: ICTA 1988 s.587BA(10).

- (8) If one or more of the owners is not a qualifying company, in calculating the relievable amount make just and reasonable adjustments to reduce the relievable amount to reflect the fact that relief under this Chapter is not available to that owner or to those owners.

Origin: ICTA 1988 s.587BA(11).

- (9) The amount of relief under this Chapter to be given to a qualifying company is such share of the relievable amount as is allocated to the company by an agreement made between those owners which are qualifying companies.

Origin: ICTA 1988 s.587BA(8).

## 27 Disqualifying events [j30033]

- (1) This section applies if the qualifying investment is a qualifying interest in land.

Origin: ICTA 1988 s.587C(1).

- (2) If a disqualifying event occurs at any time in the provisional period, the following are treated as never having been entitled to relief under this Chapter in respect of the disposal of the qualifying interest in land –

- (a) in a case where sections 25 and 26 do not apply, the company which made the disposal, and
- (b) in a case where those sections apply, each qualifying company which is an owner.

Origin: ICTA 1988 s.587C(6).

- (3) All such assessments and adjustments of assessments are to be made as are necessary to give effect to subsection (2).

Origin: ICTA 1988 s.587C(7).

- (4) A disqualifying event occurs if a person mentioned in subsection (5) becomes (otherwise than for full consideration in money or money's worth) –

- (a) entitled to an interest or right in relation to all or part of the land to which the disposal relates, or
- (b) party to an arrangement under which he enjoys some right in relation to all or part of that land.

Origin: ICTA 1988 s.587C(8).

- (5) The persons are—
- (a) in a case where sections 25 and 26 do not apply, the company which made the disposal or a person connected with that company, and
  - (b) in a case where those sections apply, a person who is an owner or a person connected with such a person.

Origin: ICTA 1988 s.587C(8A).

- (6) A disqualifying event does not occur if a person becomes entitled to an interest or right as mentioned in subsection (4)(a) as a result of a disposition of property on death (whether the disposition is effected by will, under the law relating to intestacy or otherwise).

Origin: ICTA 1988 s.587C(9).

- (7) The provisional period is the period beginning with the date of the disposal of the qualifying interest in land and ending with the sixth anniversary of the end of the accounting period in which the disposal was made.

Origin: ICTA 1988 s.587C(10).

### *Supplementary*

#### **28 Meaning of connected person [j30028]**

Section 839 of ICTA (connected persons) applies for the purposes of this Chapter.

Origin: ICTA 1988 s.587B(5), (10A); s.587C(11).

#### **29 Charity [j30029]**

- (1) In this Chapter “charity” has the same meaning as in [section 506 of ICTA].

Origin: ICTA 1988 s.587B(9).

- (2) It also includes—
- (a) the Trustees of the National Heritage Memorial Fund,
  - (b) the Historic Buildings and Monuments Commission for England, and
  - (c) the National Endowment for Science, Technology and the Arts.

Origin: ICTA 1988 s.587B(9).