

Charitable Donations Relief

Summary

1. This paper presents revised draft clauses which rewrite sections 338 to 339 and 587B to 587C of ICTA. These clauses were first exposed in Committee Paper CC (08) 14 in April 2008 and became Part 6 of draft Bill 6 published in March 2009.

2. These sections of ICTA are all that remains of “charges on income” for corporation tax purposes. As they deal with donations to charities it was suggested (both in consultation and by the committees) that it seemed appropriate to dispense with the term “charges on income.” This would be in line with the approach taken in ITA 2007 which dispensed with the concept of charges on income for income tax purposes. The rewritten corporation tax provisions would adopt a more transparent term such as “charitable donations relief”.

3. The revised clauses take up the suggestion to move away from the term “charges on income” and the attached explanatory notes provide further details about the “re-labelling” that has been undertaken.

4. The paper contains:-

- a revised draft of Part 6 of Bill 6, and
- revised explanatory notes.

5. Apart from the drafting changes arising from the “re-labelling”, there have been some alterations to the clauses published in the draft Bill. For example the Bill 6 clauses rewrote “payments” in section 339 of ICTA as “gifts”. This draft reverts to “payments” because “gifts” implies that the payments are voluntary. Other changes have been made for the purposes of clarity such as the signposting in clause 14(4) and (5). The two rewrite changes within this Part remain the same and the explanatory notes refer to Annex 1 of draft Bill 6 for these.

Closing date for comments

6. We welcome any comments by 24th July 2009. If possible they should be sent by email to:

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Written comments should be sent to:

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7. Please note that the names of respondents may be published unless they ask for their comments to be treated in confidence.

30th April 2009