

**Special rules about charitable companies etc**

***Summary***

1. This paper presents draft clauses which rewrite sections 505 to 506C of, and Schedule 20 to, ICTA, section 25 of FA 1990 and section 46 of FA 2000.
2. The paper contains:
  - the draft clauses, with origins;
  - draft explanatory notes; and
  - draft notes outlining eleven proposed changes in the law.
3. Part 10 of ITA 2007 rewrote sections 505 to 506C of, and Schedule 20 to, ICTA, section 25 of FA 1990 and section 46 of FA 2000. of ICTA for the purposes of income tax, and those provisions were consequentially amended to apply for the purposes of corporation tax only.
4. The draft clauses and the proposed changes now presented complete the rewrite process. They replicate Part 10 of ITA 2007 as far as possible, but there are some differences.
5. First, where the draft clauses rewrite provisions or parts of provisions which are corporation tax specific there are no corresponding provisions in ITA 2007. In addition there are some provisions in ITA which relate only to income tax and so these are not reflected in the draft corporation tax version of the clauses. There are further details about these in the explanatory notes.
6. Second, there are instances where a provision in ITA with a similar objective is structured differently for corporation tax, for example exemptions in connection with loan relationships and intangible fixed assets. Again, there is further detail in the explanatory notes.
7. Third, where necessary the draft clauses use terminology specific to corporation tax where Part 10 of ITA 2007 uses terminology specific to income tax.
8. Fourth, a new change (Change 652) is proposed. This change is one which is relevant for corporation tax purposes only.

***Questions for the committee***

9. We would be grateful for any comments you may have on these draft clauses.
10. We would also welcome comments on the new proposed change already mentioned. There are 10 other proposed changes, including three that are relevant to

the whole Bill. These replicate changes made when the provisions were rewritten for income tax purposes. They have therefore already been consulted on and scrutinised by the Joint Committee as the Income Tax Bill was being considered by Parliament. If there are nonetheless any comments on these proposed changes we should be grateful to have them.

*Closing date for comments*

11. We would welcome any comments by 8 February 2008. If possible, they should be sent by e-mail to:

[jackie.bartlett@hmrc.gsi.gov.uk](mailto:jackie.bartlett@hmrc.gsi.gov.uk)

Written comments should be sent to:

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

8 November 2007