



Income Tax Act 2007

2007 CHAPTER 3

PART 10

SPECIAL RULES ABOUT CHARITABLE TRUSTS ETC

Carry back of excess non-charitable expenditure

562 Excess expenditure treated as non-charitable expenditure of earlier years

- (1) This section applies if a charitable trust's non-charitable expenditure for a tax year exceeds its available income and gains for the tax year.
- (2) The excess is the charitable trust's "excess expenditure" for the tax year.
- (3) The charitable trust's excess expenditure for the tax year is treated for the purposes of this Part as non-charitable expenditure for earlier tax years so far as it can be attributed to earlier tax years under section 563.
- (4) For the purposes of this Part a charitable trust's "available income and gains" for a tax year is the sum of—
 - (a) the charitable trust's total income for the tax year (ignoring any restrictions on the exemptions under this Part which result from sections 539(2) and 541),
 - (b) any chargeable gains accruing to the charitable trust in the tax year (ignoring any restriction on the exemption under section 256(1) of TCGA 1992 which results from section 256(4) of that Act),
 - (c) the charitable trust's attributable income and gains for the tax year (see section 540), and
 - (d) any non-taxable sums received by the charitable trust in the tax year.
- (5) In subsection (4) "non-taxable sums" means donations, legacies and other sums of a similar nature which, ignoring exemptions from income tax under this Part and from capital gains tax under section 256 of TCGA 1992, are not liable to income tax or capital gains tax.

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563 Rules for attributing excess expenditure to earlier years

- (1) The rules in this section apply for attributing a charitable trust's excess expenditure for a tax year to earlier tax years under section 562.
- (2) The excess expenditure for a tax year may be attributed to an earlier tax year if—
 - (a) the earlier tax year ends not more than 6 years before the end of the tax year in question, and
 - (b) the charitable trust's available income and gains for the earlier tax year exceed its non-charitable expenditure for the earlier tax year.
- (3) If the conditions in subsection (2) are met in the case of more than one earlier tax year, the excess expenditure is to be attributed to a later tax year in priority to an earlier tax year.
- (4) The amount of excess expenditure that is to be attributed to an earlier tax year must not be greater than the amount by which the charitable trust's available income and gains for the earlier tax year exceed its non-charitable expenditure for the earlier tax year.
- (5) For the purposes of subsections (2)(b) and (4) the charitable trust's non-charitable expenditure for the earlier tax year includes any excess expenditure attributed to the earlier tax year as a result of a previous operation of this section, but ignores the attribution in question.

564 Adjustments in consequence of section 562

Such adjustments must be made (whether by way of the making of assessments or otherwise) as may be required in consequence of section 562.

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 24B inserted by [2023 c. 30 Sch. 2 para. 10\(3\)](#)
- s. 788(7) inserted by [2007 c. 29 Sch. 21 para. 161\(b\)](#) (The amending provision was repealed before coming into force.)