



# Finance Act 2014

## 2014 CHAPTER 26

### PART 1

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

### CHAPTER 3

#### CORPORATION TAX: GENERAL

#### **35 Community amateur sports clubs**

- (1) Part 6 of CTA 2010 (charitable donations relief: payments to charity) is amended in accordance with subsections (2) to (7).
- (2) In section 189 (relief for charitable donations), in subsection (5), after “subject to” insert “ Chapter 2A of this Part, ”.
- (3) In section 192 (condition as to repayment), in subsection (6), omit the “and” at the end of paragraph (a) and after that paragraph insert—
  - “(aa) the repayment is not non-qualifying expenditure for the purposes of Chapter 9 of Part 13 (see section 661(5)), and”.
- (4) In section 200 (company wholly owned by a charity), after subsection (4) insert—
  - “(4A) In the case of a charity which is a registered club, ordinary share capital of a company is treated as owned by a charity if the charity beneficially owns that share capital.”
- (5) In section 202 (meaning of “charity”), before paragraph (b) insert—
  - “(aa) a registered club.”.
- (6) After that section insert—

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### **“202A “Registered club”**

In this Chapter “registered club” has the meaning given by section 658(6) (clubs registered as community amateur sports clubs).”

(7) After Chapter 2 insert—

## **“CHAPTER 2A**

### PAYMENTS TO COMMUNITY AMATEUR SPORTS CLUBS: ANTI-ABUSE

#### **202B Restriction on relief for payments to community amateur sports clubs**

- (1) Subsection (2) applies if—
  - (a) one or more qualifying payments are made by a company to a registered club (“the club”) in an accounting period (“the current period”),
  - (b) the company is wholly owned, or controlled, by the club or by a number of charities which include the club, for all or part of that period, and
  - (c) inflated member-related expenditure is incurred by the company in that period.
- (2) For the purposes of section 189 (relief for qualifying charitable donations), the total amount of those qualifying payments is treated as reduced (but not below nil) by the total amount of that inflated member-related expenditure.
- (3) Subsection (4) applies if—
  - (a) the total amount of that expenditure exceeds the total amount of those payments, and
  - (b) the company made one or more qualifying payments to the club in an earlier accounting period ending not more than 6 years before the end of the current period.
- (4) For the purposes of section 189, the total amount of the qualifying payments made in the earlier accounting period is treated as reduced (but not below nil) by the amount of the excess.
- (5) If subsection (3)(b) applies in relation to more than one earlier accounting period—
  - (a) subsection (4) applies to treat amounts paid in later accounting periods as reduced in priority to amounts paid in earlier ones (until the excess is exhausted or all amounts have been reduced to nil), and
  - (b) in applying subsection (4) in relation to an accounting period, the reference to the excess is to be read as a reference to so much of it as exceeds the total amount of qualifying payments which, under that subsection, have previously been reduced to nil by the excess.
- (6) For the purposes of subsections (3) and (4), a reference to the total amount of qualifying payments made in an earlier accounting period is to the total amount of those payments after—

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- (a) any reduction under subsection (2), and
  - (b) any previous reduction under subsection (4).
- (7) Such adjustments must be made (whether by way of the making of assessments or otherwise) as may be required in consequence of subsections (4) to (6).
- (8) Section 200 (company wholly owned by a charity) applies for the purposes of this section.
- (9) For the purposes of this section, the club controls the company if it has the power to secure—
- (a) by means of the holding of shares or the possession of voting power in relation to the company or any other company, or
  - (b) as a result of any powers conferred by the articles of association or other document regulating the company or any other company,
- that the affairs of the company are conducted in accordance with the club's wishes.
- (10) For the purposes of this section two or more charities (including the club) control the company if, acting together, they have the power to secure, as mentioned in paragraph (a) or (b) of subsection (9), that the affairs of the company are conducted in accordance with the wishes of those charities.
- (11) In this section—
- “charity” has the same meaning as in Chapter 2,
  - “qualifying payment” means a qualifying payment for the purposes of Chapter 2, and
  - “registered club” has the same meaning as in Chapter 2,
- and any reference to a member of the club includes a reference to a person connected with a member of the club.

### 202C “Inflated member-related expenditure”

- (1) This section applies for the purposes of section 202B.
- (2) “Inflated member-related expenditure” means—
- (a) employment expenditure incurred in respect of the employment of a member of the club, by the company, where that employment is otherwise than on an arm's length basis, or
  - (b) expenditure incurred on a supply of goods and services to the club by—
    - (i) a member of the club, or
    - (ii) a member-controlled body,
 otherwise than on an arm's length basis.
- (3) But if the features of an employment or supply which cause it to be otherwise than on an arm's length basis, when taken together, are more advantageous to the company than if the employment or supply had been on an arm's length basis, any expenditure incurred in respect of the employment or on the supply is not inflated member-related expenditure.

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- (4) A company is “member-controlled” if a member of the club has (or two or more members acting together have) the power to secure—
- (a) by means of the holding of shares or the possession of voting power in relation to that or any other body corporate, or
  - (b) as a result of any powers conferred by the articles of association or other document regulating that or any other body corporate,
- that the affairs of the company are conducted in accordance with the wishes of the member (or, as the case may be, members).
- (5) A partnership is “member-controlled” if a member of the club has (or two or more members acting together have) the right to a share of more than half the assets, or of more than half the income, of the partnership.
- (6) In this section any reference to a member of the club includes a reference to a person connected with a member of the club.
- (7) For the purposes of subsection (2)(a), the Treasury may by regulations specify—
- (a) descriptions of expenditure which is to be treated as employment expenditure incurred in respect of the employment of a member of a club;
  - (b) descriptions of expenditure which is not to be so treated.
- (8) Section 1171(4) (orders and regulations subject to negative resolution procedure) does not apply to any regulations made under subsection (7) if a draft of the statutory instrument containing them has been laid before, and approved by a resolution of, the House of Commons.”
- (8) Chapter 9 of Part 13 of that Act (other special types of company: community amateur sports clubs) is amended in accordance with subsections (9) to (12).
- (9) After section 661D (but before the italic heading) insert—

**“661E Tax treatment of gifts of money from companies**

If a registered club receives a gift of a sum of money from a company which is not a charity, the gift is treated as an amount in respect of which the registered club is chargeable to corporation tax, under the charge to corporation tax on income.”

- (10) In section 664 (exemption for interest and gift aid income)—
- (a) in subsection (1), omit the “and” after paragraph (a) and after paragraph (b) insert “, and
  - (c) its company gift income for that period,”,
  - (b) in that subsection, for “and gift aid income” substitute “, gift aid income and company gift income ”, and
  - (c) in subsection (3), after “this section—” insert—
- ““company gift income”, in relation to a club, means gifts of money made to the club by companies which are not charities.”.
- (11) In section 665A (claims in relation to interest and gift aid income), in subsection (1)
- (b) for “and gift aid” substitute “, gift aid and company gift ”.

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(12) Accordingly—

- (a) in the italic heading before section 661D, omit “*qualifying for gift aid relief*”,
- (b) in the heading for section 664, for “**and gift aid**” substitute “**, gift aid and company gift**”
- (c) in the heading for section 665A, for “**and gift aid**” substitute “**, gift aid and company gift**”.

(13) The amendments made by this section have effect in relation to payments made on or after 1 April 2014.

(14) But the amendments made by subsections (1) to (7) are to be ignored for the purposes of section 199 of CTA 2010 (payment attributed to earlier accounting period) if the claim mentioned in subsection (1)(c) of that section is in respect of an accounting period ending before 1 April 2014.

(15) The earlier accounting periods mentioned in section 202B(3) of CTA 2010 (see subsection (7) of this section) do not include any accounting period ending before 1 April 2014.

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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. 212(4)(f) and word inserted by [2021 c. 26 Sch. 27 para. 43\(b\)\(ii\)](#)
- s. 212(5)(a)(iv) and word inserted by [2021 c. 26 Sch. 27 para. 43\(c\)\(ii\)](#)
- s. 212(5)(b)(iv) and word inserted by [2021 c. 26 Sch. 27 para. 43\(c\)\(iv\)](#)
- s. 212(5)(c)(iv) and word inserted by [2021 c. 26 Sch. 27 para. 43\(c\)\(v\)](#)
- Sch. 31 para. 2(3)(b) inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(iii\)](#)
- Sch. 31 para. 2(4A) inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(c\)](#)
- Sch. 31 para. 3(1A) inserted by [2017 c. 32 Sch. 14 para. 45\(3\)\(b\)](#)
- Sch. 31 para. 5(b) inserted by [2017 c. 32 Sch. 14 para. 45\(4\)\(c\)](#)
- Sch. 31 para. 2(3)(a) words inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(ii\)](#)
- Sch. 31 para. 5(a) words inserted by [2017 c. 32 Sch. 14 para. 45\(4\)\(b\)](#)
- Sch. 31 para. 2(3)(a) words renumbered as Sch. 31 para. 2(3)(a) by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(i\)](#)
- Sch. 31 para. 5(a) words renumbered as Sch. 31 para. 5(a) by [2017 c. 32 Sch. 14 para. 45\(4\)\(a\)](#)
- Sch. 32 para. 1(2)(b) inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(iii\)](#)
- Sch. 32 para. 1(3A) inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(c\)](#)
- Sch. 32 para. 1(2)(a) words inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(ii\)](#)
- Sch. 32 para. 1(2)(a) words renumbered as Sch. 32 para. 1(2)(a) by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(i\)](#)