

Status: Point in time view as at 17/09/2004.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2002, Part 2. (See end of Document for details)

SCHEDULES

SCHEDULE 18

RELIEF FOR COMMUNITY AMATEUR SPORTS CLUBS

PART 2

EXEMPTIONS FOR REGISTERED CLUBS

Exemption for trading income

- 4 (1) Where—
- (a) a club is a registered club throughout an accounting period,
 - (b) its trading income for that period (before deduction of any expenses) does not exceed [^{F1}£30,000],
 - (c) the whole of that income is applied for qualifying purposes, and
 - (d) the club makes a claim under this paragraph to the Inland Revenue,
- it shall be exempt from corporation tax on that income.
- (2) In relation to an accounting period that is shorter than 12 months, sub-paragraph (1) (b) has effect as if the amount specified there were proportionately reduced.
- (3) Where a club is a registered club for only part of an accounting period, sub-paragraph (1) has effect as if—
- (a) that part were a separate accounting period;
 - (b) the club's trading income for that part were the proportionately reduced amount of its trading income for the actual accounting period.
- (4) In this paragraph “trading income” means income that (apart from this paragraph) is chargeable under Case I of Schedule D.

Textual Amendments

- F1** Word in Sch. 18 para. 4(1)(b) substituted (with effect in accordance with s. 56(4)(5) of the amending Act) by [Finance Act 2004 \(c. 12\), s. 56\(2\)](#)

Exemption for interest and gift aid income

- 5 (1) Where—
- (a) a club is a registered club throughout an accounting period,
 - (b) the whole of its interest income and gift aid income for that period is applied for qualifying purposes, and
 - (c) the club makes a claim under this paragraph to the Inland Revenue,
- it shall be exempt from corporation tax on that income.

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- (2) Where a club is a registered club for only part of an accounting period, sub-paragraph (1) has effect as if—
- (a) that part were a separate accounting period;
 - (b) the club's interest income for that part were the proportionately reduced amount of its interest income for the actual accounting period.
- (3) In this paragraph—
- (a) “interest income”, in relation to a club, means interest on which (apart from this paragraph) the club is chargeable to tax under paragraph (a) of Case III of Schedule D (as set out in section 18(3A) of the Taxes Act 1988);
 - (b) “gift aid income”, in relation to a club, means gifts to the club that are treated as annual payments by section 25(10) of the Finance Act 1990 (c. 29) (gift aid) as it applies by virtue of paragraph 9(1) below.

Exemption for property income

- 6 (1) Where—
- (a) a club is a registered club throughout an accounting period,
 - (b) its property income for that period (before deduction of any expenses) does not exceed [^{F2}£20,000],
 - (c) the whole of that income is applied for qualifying purposes, and
 - (d) the club makes a claim under this paragraph to the Inland Revenue,
- it shall be exempt from corporation tax on that income.
- (2) In relation to an accounting period that is shorter than 12 months, sub-paragraph (1) (b) has effect as if the amount specified there were proportionately reduced.
- (3) Where a club is a registered club for only part of an accounting period, sub-paragraph (1) has effect as if—
- (a) that part were a separate accounting period;
 - (b) the club's property income for that part were the proportionately reduced amount of its property income for the actual accounting period.
- (4) In this paragraph “property income” means income that (apart from this paragraph) is chargeable to tax under Schedule A.

Textual Amendments

F2 Word in Sch. 18 para. 6(1)(b) substituted (with effect in accordance with s. 56(4)(5) of the amending Act) by [Finance Act 2004 \(c. 12\), s. 56\(3\)](#)

Exemption for chargeable gains

- 7 A gain accruing to a registered club shall not be a chargeable gain if—
- (a) the whole of the gain is applied for qualifying purposes, and
 - (b) the club makes a claim under this paragraph to the Inland Revenue.

Exemption reduced where club incurs non-qualifying expenditure

- 8 (1) This paragraph applies where—

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- (a) any of a club's income or gains for an accounting period are exempted from tax under this Part (or would be so exempted but for this paragraph), and
- (b) in that accounting period the club incurs expenditure for non-qualifying purposes.

(2) In this paragraph—

A is the total amount of income and gains mentioned in sub-paragraph (1)(a);

N is the amount of the expenditure mentioned in sub-paragraph (1)(b);

T is the aggregate of—

- (a) the club's income (whether taxable or not, and before deduction of any expenses) for the accounting period, and
- (b) the club's gains that are chargeable gains, together with those that would be chargeable but for paragraph 7, for that period.

(3) Where N is less than T, the total amount of income and gains for the accounting period exempted under this Part is reduced to—

$$A - \left(A \times \frac{N}{T} \right)$$

(4) Where N is equal to T, the total amount of income and gains for the accounting period exempted under this Part is reduced to nil.

(5) Where N is greater than T—

- (a) the total amount of income and gains for the accounting period exempted under this Part is reduced to nil, and
- (b) the surplus amount is carried back to previous accounting periods (taking later ones before earlier ones) and deducted from the amounts exempted under this Part for those periods, until it is exhausted.

In paragraph (b) “the surplus amount” means—

$$\left(A \times \frac{N}{T} \right) - A$$

(6) The reference in paragraph (b) of sub-paragraph (5) to previous accounting periods is to accounting periods ending not more than six years before the end of the accounting period mentioned in paragraph (a) of that sub-paragraph.

(7) To the extent that an amount exempted under this Part has been reduced under sub-paragraph (3), (4) or (5) in respect of expenditure incurred for non-qualifying purposes in a particular accounting period, it may not be reduced again under sub-paragraph (5) in respect of expenditure so incurred in a later accounting period.

(8) All such adjustments shall be made, whether by way of assessment or otherwise, as may be required in consequence of sub-paragraph (5).

(9) Where by virtue of this paragraph there is an amount of a registered club's income and gains for which relief under this Part is not available, the club may, by notice to the Inland Revenue, specify which items of the income and gains are, in whole or in part, to be attributed to that amount.

If, within 30 days of being required to do so by the Inland Revenue, a registered club does not give notice under this sub-paragraph, the items of its income and gains that

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are to be attributed to the amount in question shall be such as the Inland Revenue may determine.

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