



Finance Act 2016

2016 CHAPTER 24

PART 6

APPRENTICESHIP LEVY

General

118 Charities which are “connected” with one another

- (1) Two charities are connected with one another for the purposes of section 102(1) if—
 - (a) they are connected with one another in accordance with section 993 of ITA 2007 (meaning of “connected persons”), and
 - (b) their purposes and activities are the same or substantially similar.
- (2) In the application of section 993 of ITA 2007 for the purposes of subsection (1)(a)—
 - (a) a charity which is a trust is to be treated as if it were a company (and accordingly a person), including in this subsection;
 - (b) a charity which is a trust has “control” of another person if the trustees (in their capacity as trustees of the charity) have, or any of them has, control of the person;
 - (c) a person (other than a charity regulator) has “control” of a charity which is a trust if—
 - (i) the person is a trustee of the charity and some or all of the powers of the trustees of the charity could be exercised by the person acting alone or by the person acting together with any other persons who are trustees of the charity and who are connected with the person,
 - (ii) the person, alone or together with other persons, has power to appoint or remove a trustee of the charity, or
 - (iii) the person, alone or together with other persons, has any power of approval or direction in relation to the carrying out by the trustees of any of their functions.

Changes to legislation: Finance Act 2016, Section 118 is up to date with all changes known to be in force on or before 30 June 2023. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

- (3) For the purposes of section 102(1) a charity which is a trust is also connected with another charity which is a trust if at least half of the trustees of one of the charities are—
- (a) trustees of the other charity,
 - (b) persons who are connected with persons who are trustees of the other charity, or
 - (c) a combination of both,
- and the charities' purposes and activities are the same or substantially similar.
- (4) In determining if a person is connected with another person for the purposes of subsection (2)(c)(i) or (3)(b), apply section 993 of ITA 2007 with the omission of subsection (3) of that section (and without the modifications in subsection (2) above).
- (5) If a charity (“A”) controls a company (“B”) which, apart from this subsection, would not be a charity—
- (a) B is to be treated as if it were a charity for the purposes of this Part, and
 - (b) A and B are connected with one another for the purposes of section 102(1).
- (6) In subsection (5) “control” has the same meaning as in Part 10 of CTA 2010 (see sections 450 and 451 of that Act) (and a limited liability partnership is to be treated as a company for the purposes of that Part as applied by this subsection).
- (7) For this purpose, where under section 450 of that Act “C” is a limited liability partnership, subsection (3) of that section has effect as if before (a) there were inserted—
- “(za) rights to a share of more than half the assets, or of more than half the income, of C,”.

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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):

- Sch. 19 para. 12(5)(b) inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(c\)](#)
- Sch. 19 para. 12(5)(a) word inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(b\)](#)
- Sch. 19 para. 51(8)(b) words inserted by [2017 c. 32 Sch. 14 para. 48\(2\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(a\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(b\)](#)
- Sch. 19 para. 12(5)(a) words renumbered as Sch. 19 para. 12(5)(a) by [2017 c. 32 Sch. 14 para. 49\(2\)\(a\)](#)
- Sch. 19 para. 58(1) words substituted by [2017 c. 32 Sch. 14 para. 48\(5\)](#)
- Sch. 20 para. 1(4)(e) inserted by [2021 c. 26 Sch. 27 para. 47\(2\)](#)
- Sch. 20 para. 3(3)(d) and word inserted by [2021 c. 26 Sch. 27 para. 47\(3\)\(b\)](#)
- Sch. 20 para. 5(5) inserted by [2021 c. 26 Sch. 27 para. 47\(5\)](#)
- Sch. 22 para. 2(4B) inserted by [2021 c. 26 Sch. 27 para. 48\(2\)\(c\)](#)
- Sch. 22 para. 3(4A) inserted by [2021 c. 26 Sch. 27 para. 48\(3\)](#)