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(Bristol South - Lab)

**Amendment 62**

Clause 54, page 40, line 21 [Vol I], leave out ‘value’ and insert ‘limit’.

**EXPLANATORY NOTE**

**SUMMARY**

1. This amendment ensures that where a benefit is received by a substantial donor in consequence of making a Gift Aid payment to charity it will only be disregarded for the purposes of new rules on transactions with substantial donors where the level of benefit received does not exceed the permitted limits in the Gift Aid rules.

**DETAILS**

2. This amendment replaces the term "relevant value" in new section 506B(7) Income and Corporation Taxes Act 1988 with "relevant limit". The intention of the change is to ensure that the section is only effective where the limits outlined in section 25(2)(e) and (5A) Finance Act 1990 (Gift Aid for individuals); or section 339 (3B)(b) and (3DA) of the Income and Corporation Taxes Act 1988 (Company Gift Aid) are adhered to.

**BACKGROUND NOTE**

3. Clause 54 inserts new sections 506A-506C into the Income and corporation Taxes Act 1988. It restricts tax relief on certain transactions between a charity and a substantial donor.
4. Section 506B seeks to except commercial transactions that are undertaken as part of the running of the charity, or services provided by a charity to a substantial donor as part of the charitable

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purposes of the charity. Such transactions are not caught by the new rules.

5. Section 506B(7) is intended to ensure that benefits received in consequence of making a donation to charity are disregarded provided they are within the current Gift Aid limits. The section will ensure that there is no disincentive for a substantial donor to continue to give money to a charity.
6. The section uses the term "relevant value" to describe the level of benefits that can be received as used in Section 25 Finance Act 1990 and section 339 Income and Corporation Taxes Act 1988. However, the use of the term is defective in this clause as it is not clearly linked to the limits on the maximum level of benefit that can be obtained in relation to a Gift Aid donation.