
STATUTORY INSTRUMENTS

2007 No.3424 (C.145)

CORPORATION TAX

The Finance (No. 2) Act 2005, Section 13
(Corporation Tax Exemption for Scientific Research
Organisations) (Appointed Day) Order 2007

Made - - - - 4th December 2007

The Treasury make the following Order in exercise of the power conferred by section 13(6) of the Finance (No. 2) Act 2005(1).

1. This Order may be cited as the Finance (No. 2) Act 2005, Section 13 (Corporation Tax Exemption for Scientific Research Organisations) (Appointed Day) Order 2007.
2. The day appointed for the purposes of section 13 of the Finance (No. 2) Act 2005 is 1st January 2008.

4th December 2007

Dave Watts
Alan Campbell
Two of the Lords Commissioners of Her
Majesty's Treasury

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order provides that section 13 of the Finance (No. 2) Act 2005 (c. 22) has effect in relation to accounting periods beginning on or after 1st January 2008.

Section 13 amends the conditions set out in section 508 (scientific research organisations) of the Income and Corporation Taxes Act 1988 (c. 1), which provides for the exemption from tax for Associations undertaking scientific research.

Subsection 13(2) removes the requirement for the Secretary of State to approve Associations for the purposes of section 508.

Subsection 13(3) refines the circumstances in which the exemption from tax is allowed. The exemption shall be allowed in relation to any accounting period where the conditions in section 508(1) are met. Those conditions are that the Association has as its object the undertaking of research and development which may lead to or facilitate an extension of a class or classes of trade (“the correct object”), and that it does not distribute its profits to its members.

Subsection 13(4) inserts new subsections (1A) and (1B) into section 508. Subsection (1A) provides that the Treasury may by regulations prescribe circumstances in which the conditions in section 508(1) shall be deemed not to have been complied with.

Subsection (1B) provides that the Treasury may by regulations specify for the purposes of section 508(1)(a) what shall be deemed to be, or not to be, an Association. Such regulations may also specify the circumstances in which the Association shall be deemed to have, or not to have, the correct object, and what shall be deemed to be, or not to be, a class of trade.

Subsection 13(5) substitutes for the meaning of “scientific research” a meaning of “research and development”.

An impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.