



# Corporation Tax Act 2010

## 2010 CHAPTER 4

### PART 22

#### MISCELLANEOUS PROVISIONS

### CHAPTER 8

#### EXEMPTIONS

##### *Trade unions and employers' associations*

#### **981 Exemption for trade unions and eligible employers' associations**

- (1) No liability to corporation tax arises in respect of qualifying income or gains of a trade union or eligible employers' association if conditions A and B are met.
- (2) Condition A is that the trade union or employers' association is prevented by its rules or by Act of Parliament from assuring to any person a sum exceeding—
  - (a) £4,000 by way of gross sum, or
  - (b) £825 by way of annuity.
- (3) Condition B is that the trade union or employers' association makes a claim for exemption under this section.
- (4) The following are to be ignored in determining whether condition A is met—
  - (a) an annuity contract which constitutes a registered pension scheme, and
  - (b) an annuity contract which is issued or held in connection with a registered pension scheme other than an occupational pension scheme (within the meaning of section 150(5) of FA 2004).
- (5) The Treasury may by order—
  - (a) amend the sum for the time being specified in subsection (2)(a) or (b) so as to increase it, and

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*Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Cross Heading: Trade unions and employers' associations. (See end of Document for details)*

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- (b) make provision about the income or gains in relation to which an amendment under paragraph (a) has effect.

## **982 Qualifying income or gains**

- (1) In section 981(1)—
  - (a) the reference to qualifying income of a trade union or eligible employers' association is to income which is not trading income and which is applicable and applied for the purposes of provident benefits, and
  - (b) the reference to qualifying gains of a trade union or eligible employers' association is to chargeable gains which are applicable and applied for the purpose of provident benefits.
- (2) In subsection (1) references to provident benefits include—
  - (a) a payment expressly authorised by the rules of the trade union or employers' association which is made—
    - (i) to a member during sickness or incapacity from personal injury or while out of work,
    - (ii) to a member by way of superannuation by reason of age, sickness or incapacity from personal injury,
    - (iii) to a member who has met with an accident, or
    - (iv) to a member who has lost tools by fire or theft,
  - (b) a payment in discharge or aid of funeral expenses on the death of a member or the spouse or civil partner of a member, and
  - (c) a payment as provision for the children of a deceased member.

## **983 Meaning of “trade union” and “eligible employers' association”**

- (1) This section applies for the purposes of sections 981 and 982.
- (2) “Trade union” means—
  - (a) an organisation the name of which is entered in the list maintained by the Certification Officer under section 2 of the Trade Union and Labour Relations (Consolidation) Act 1992 (list of trade unions),
  - (b) an organisation the name of which is entered in the list maintained by the Certification Officer for Northern Ireland under Article 5 of the Industrial Relations (Northern Ireland) Order 1992 (S.I. 1992/807 (N.I. 5)) (corresponding provision for Northern Ireland), and
  - (c) the Police Federation for England and Wales, the Police Federation for Scotland, the Police Federation for Northern Ireland and any other organisation of persons in police service which has similar functions.
- (3) “Employers' association” means—
  - (a) an organisation the name of which is entered in the list maintained by the Certification Officer under section 123 of the Trade Union and Labour Relations (Consolidation) Act 1992 (list of employers' associations), and
  - (b) an organisation the name of which is entered in the list maintained by the Certification Officer for Northern Ireland under Article 5 of the Industrial Relations (Northern Ireland) Order 1992 (S.I. 1992/807 (N.I. 5)) (corresponding provision for Northern Ireland).

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- (4) An employers' association is eligible if—
- (a) in the case of an organisation falling within subsection (3)(a), it was a registered trade union for the purpose of section 338 of the Income and Corporation Taxes Act 1970 on 30 September 1971, and
  - (b) in the case of an organisation falling within subsection (3)(b), it was a trade union for the purposes of section 467 of ICTA immediately before the coming into operation of Article 5 of the Industrial Relations (Northern Ireland) Order 1992 (S.I. 1992/807 (N.I. 5)).

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