



# 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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- (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)).

*Local authorities etc*

**984 Local authorities and local authority associations**

- (1) A local authority in the United Kingdom is not liable to corporation tax.
- (2) A local authority association in the United Kingdom is not liable to corporation tax.

**Modifications etc. (not altering text)**

- C1** S. 984 modified by 1999 c. 29, s. 34A(3) (as inserted (15.1.2012) by [Localism Act 2011 \(c. 20\)](#), [ss. 224\(2\)](#), [240\(2\)](#); S.I. 2012/57, [art. 4\(1\)\(cc\)](#) (with [arts. 6](#), [7](#), [9-11](#)))

*Health service bodies*

**985 Health service bodies**

- (1) A health service body is not liable to corporation tax.
- (2) Subsection (1) is subject to any order made under section 987.
- (3) See section 986 for the meaning of “health service body”.

**986 Meaning of “health service body”**

In section 985 “health service body” means a body mentioned in the following table—

<i>Body</i>	<i>Provision under which body established</i>
F1	F1
...	...
the Common Services Agency for the Scottish Health Service	section 10 of the National Health Service (Scotland) Act 1978
F2	F2
...	...
a Health and Social Care trust	Article 10 of the Health and Personal Social Services (Northern Ireland) Order 1991 (S.I. 1991/194 (N.I. 1))

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a Health Board	section 2(1)(a) of the National Health Service (Scotland) Act 1978
[ <sup>F3</sup> an integrated care board	section 14Z25 of the National Health Service Act 2006]
<sup>F4</sup>	<sup>F4</sup>
...	...
a Local Health Board	section 11 of the National Health Service (Wales) Act 2006
a National Health Service trust	section 25 of the National Health Service Act 2006 or section 18 of the National Health Service (Wales) Act 2006
an NHS foundation trust	section 30 of the National Health Service Act 2006
<sup>F5</sup>	<sup>F5</sup>
...	...
a Primary Care Trust	section 18 of the National Health Service Act 2006
[ <sup>F6</sup> the Regional Agency for Public Health and Social Well-being	section 12(1) of the Health and Social Care (Reform) Act (Northern Ireland) 2009
the Regional Business Services Organisation	section 14(1) of the Health and Social Care (Reform) Act (Northern Ireland) 2009]
the Scottish Dental Practice Board	section 4 of the National Health Service (Scotland) Act 1978
a special health and social services agency	Article 3 of the Health and Personal Social Services (Special Agencies) (Northern Ireland) Order 1990 (S.I. 1990/247 (N.I. 3))
a Special Health Authority	section 28 of the National Health Service Act 2006 or section 22 of the National Health Service (Wales) Act 2006
a Special Health Board	section 2(1)(b) of the National Health Service (Scotland) Act 1978
a Strategic Health Authority	section 13 of the National Health Service Act 2006
[ <sup>F7</sup> [ <sup>F8</sup> NHS England]	section 1H of the National Health Service Act 2006]
[ <sup>F7</sup> National Institute for Health and Care Excellence	section 232 of the Health and Social Care Act 2012]

#### Textual Amendments

- F1** Words in s. 986 omitted (1.7.2022) by virtue of [Health and Care Act 2022 \(c. 31\)](#), s. 186(6), [Sch. 4 para. 172\(a\)](#); S.I. 2022/734, reg. 2(a), [Sch.](#) (with regs. 13, 29, 30)
- F2** Words in s. 986 omitted (30.11.2022) by virtue of [The Health and Social Care Act \(Northern Ireland\) 2022 \(Consequential Amendments\) Order 2022 \(S.I. 2022/1174\)](#), arts. 1(2), [11\(a\)](#)
- F3** Words in s. 986 inserted (1.7.2022) by [Health and Care Act 2022 \(c. 31\)](#), s. 186(6), [Sch. 4 para. 172\(b\)](#); S.I. 2022/734, reg. 2(a), [Sch.](#) (with regs. 13, 29, 30)

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- F4** Words in s. 986 omitted (1.2.2023) by virtue of The Health and Social Care Information Centre (Transfer of Functions, Abolition and Transitional Provisions) Regulations 2023 (S.I. 2023/98), reg. 1(2), **Sch. para. 15** (with reg. 3)
- F5** Words in s. 986 omitted (30.11.2022) by virtue of The Health and Social Care Act (Northern Ireland) 2022 (Consequential Amendments) Order 2022 (S.I. 2022/1174), arts. 1(2), **11(b)**
- F6** Words in s. 986 inserted (30.11.2022) by The Health and Social Care Act (Northern Ireland) 2022 (Consequential Amendments) Order 2022 (S.I. 2022/1174), arts. 1(2), **11(c)**
- F7** Words in s. 986 inserted (17.7.2013) by Finance Act 2013 (c. 29), **s. 37**
- F8** Words in s. 986 substituted (1.7.2022) by Health and Care Act 2022 (c. 31), s. 186(6), **Sch. 1 para. 13**; S.I. 2022/734, reg. 2(a), **Sch.** (with regs. 13, 29, 30)

## **987 NHS foundation trusts**

- (1) The Treasury may by order provide that an NHS foundation trust (see the table in section 986) is liable to corporation tax in relation to a specified activity or class of activity.
- (2) The Treasury may make an order under subsection (1) only—
  - (a) in relation to an activity or class of activity that appears to the Treasury to be of a commercial nature, and
  - (b) if the condition in subsection (3) is met.
- (3) The condition is that the making of an order appears to the Treasury to be expedient for the purpose of avoiding, removing or reducing differences between—
  - (a) the tax treatment of the body undertaking the activity, and
  - (b) the tax treatment of another body or class of body which is of a commercial nature and which undertakes or might undertake the same or a similar activity.
- (4) For the purposes of subsection (2)(a) an activity authorised under section 43(1) of the National Health Service Act 2006 is not to be treated as an activity of a commercial nature.
- (5) An order under subsection (1) must make provision for determining the amount of the profits relating to an activity that are to be charged to corporation tax as a result of the order.
- (6) An order under subsection (1) may in particular—
  - (a) make provision for disregarding profits of less than a specified amount in respect of a relevant period,
  - (b) make provision for disregarding a specified part of profits in respect of a relevant period, or
  - (c) make provision for disregarding all or part of profits relating to activity for which receipts or turnover (as defined by the order) are less than a specified amount in respect of a relevant period.
- (7) “Relevant period” means—
  - (a) a financial year or accounting period, or
  - (b) a specified part of a financial year or accounting period.
- (8) An order under subsection (1)—
  - (a) may apply, with or without modification, a provision of the Tax Acts,
  - (b) may disapply a provision of the Tax Acts,

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- (c) may make provision similar to a provision of the Tax Acts, and
  - (d) may make provision generally or in relation to a specified body or class of bodies.
- (9) No order may be made under subsection (1) unless a draft of the statutory instrument containing it has been laid before and approved by a resolution of the House of Commons.

*[<sup>F9</sup>Police*

**Textual Amendments**

- F9** S. 987A and cross-heading inserted (retrospective to 16.1.2012) by [Finance Act 2013 \(c. 29\)](#), [s. 38\(1\)\(2\)](#) (with [s. 38\(2\)](#))

**987A Chief constables etc (England and Wales)**

The following are not liable to corporation tax—

- (a) a chief constable of a police force maintained under section 2 of the Police Act 1996;
- (b) the Commissioner of Police of the Metropolis.]

*[<sup>F10</sup>Education Authority of Northern Ireland*

**Textual Amendments**

- F10** S. 987B and cross-heading inserted (retrospective to 1.4.2015) by [Finance Act 2018 \(c. 3\)](#), [s. 25\(1\)\(2\)](#)

**987B Education Authority of Northern Ireland**

The Education Authority of Northern Ireland is not liable to corporation tax.]

*[<sup>F11</sup>Northern Ireland Housing Executive*

**Textual Amendments**

- F11** S. 987C and cross-heading inserted (with effect in accordance with s. 39(2) of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [s. 39\(1\)](#)

**987C Northern Ireland Housing Executive**

The Northern Ireland Housing Executive is not liable to corporation tax.]

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*Reserve Bank of India and State Bank of Pakistan*

**988 Issue departments of the Reserve Bank of India and the State Bank of Pakistan**

No liability to corporation tax arises in respect of income of the issue department of—

- (a) the Reserve Bank of India constituted under an Act of the Indian legislature called the Reserve Bank of India Act 1934, or
- (b) the State Bank of Pakistan constituted under certain orders made under section 9 of the Indian Independence Act 1947.

*Agricultural societies*

**989 Agricultural societies**

- (1) No liability to corporation tax arises in respect of profits of an agricultural society which—
  - (a) arise from an exhibition or show held for the purposes of the society, and
  - (b) are applied solely for the purposes of the society.
- (2) In this section “agricultural society” means any society or institution established for the purpose of promoting the interests of—
  - (a) agriculture,
  - (b) horticulture,
  - (c) forestry, or
  - (d) the breeding of any kind of animal.

**Changes to legislation:**

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