



Small Charitable Donations Act 2012

2012 CHAPTER 23

Connected charities and community buildings

4 Connected charities

- (1) This section applies if two or more charities—
 - (a) are connected with one another in a tax year, and
 - (b) are eligible charities for the tax year.
- (2) Section 1 applies to each of the charities in relation to the tax year as if references to small donations made to a charity included small donations made to any of the charities.
- (3) The specified amount for the purposes of section 1(4) for each of the charities for the tax year is an amount equal to—
 - (a) £5,000, divided by
 - (b) the number of the charities which make a top-up claim in respect of small donations made in the tax year.
- (4) This section does not apply if any of the charities runs charitable activities in a community building in the tax year (as to which see section 9).

5 Meaning of “connected”

- (1) For the purposes of this Act a charity is connected with another charity in a tax year if it is connected with that other charity at any time in the tax year (as to which see subsections (3) to (7)).
- (2) If—
 - (a) a charity (“charity A”) is connected with another charity (“charity B”) (including by virtue of this subsection) in a tax year, and
 - (b) charity B is connected with a further charity (“charity C”) in the tax year, charity A and charity C are also connected with each other in the tax year for the purposes of this Act.

- (3) Section 993 of the Income Tax Act 2007 applies for determining whether a charity is connected with another charity at any time for the purposes of this section.
- (4) In the application of section 993 for the purposes of subsection (3)—
- (a) a charity that is a trust is to be treated as if it were a company (and accordingly a person), including in this subsection;
 - (b) a charity that is a trust has “control” of another person if the trustees (in their capacity as trustees of the trust) have, or any of them has, control of the person;
 - (c) a person (other than a charity regulator) has “control” of a charity that 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.
- (5) A charity that is a trust is also to be regarded as connected with another charity that is a trust at a time for the purposes of this section if, at that time, 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.
- (6) In determining whether a person is connected with another person for the purposes of subsection (4)(c)(i) or (5)(b), apply section 993 of the Income Tax Act 2007, with the omission of subsection (3) of that section (and without the modifications in subsection (4) above).
- (7) But a charity is not to be regarded as connected with another charity at a time for the purposes of subsection (1) unless, at that time, the purposes and activities of the charities are the same or substantially similar.
- (8) The Treasury may by order amend this Act so as to change the circumstances in which a charity is connected with another charity in a tax year for the purposes of the Act.

6 Charities running charitable activities in community buildings

- (1) This section determines the specified amount for the purposes of section 1(4) for a charity that runs charitable activities in one or more community buildings in a tax year (see sections 7 and 8 for the meaning of certain terms used in this section).
- (2) The specified amount for the charity for the tax year is an amount equal to—
- (a) the sum of the amounts which, for each community building in which the charitable activities are run, is the community building amount, plus
 - (b) the remaining amount.
- (3) The “community building amount”, in relation to a community building, means—

- (a) the sum of the small donations that are made to the charity in the community building in the tax year by group members while it is running charitable activities in the building, or
 - (b) if less, £5,000.
- (4) The “remaining amount” means—
- (a) the sum of the remaining donations made to the charity in the tax year, or
 - (b) if less, £5,000.
- (5) “Remaining donations”, in relation to a charity and a tax year, means the small donations made to the charity in the tax year other than any made to it in community buildings in the tax year by group members while it is running charitable activities in the buildings.
- (6) “Group member”, in relation to a charitable activity run by a charity in a community building, means a member of the group of people with whom the charity is carrying out the activity.
- (7) Section 9 modifies this section as it applies to a charity that is connected with another eligible charity.

7 Meaning of “running charitable activities in a community building” etc

- (1) For the purposes of this Act a charity “runs” charitable activities in a community building in a tax year if, on 6 or more occasions in the tax year—
- (a) it carries out a charitable activity with a group of people in the community building, at least 10 of whom are in the class of people for whose benefit the charitable activity is being carried out,
 - (b) the activity is of a kind that the charity makes available to the public or a section of the public, and
 - (c) none of the group is required to pay to access the building, or the part of the building, in which the activity is carried out;
- (and references to donations made to a charity “while” it is running charitable activities in a community building are to be construed accordingly).
- (2) For this purpose the people forming the group need not be the same on any two of the occasions.
- (3) The Treasury may by order amend the numbers for the time being specified in subsection (1).
- (4) In this Act “charitable activity” means an activity carried out for a charitable purpose, other than primarily for the purpose of fund-raising.
- (5) In this Act a reference to a “charity” that runs charitable activities does not include a registered club within the meaning of Chapter 9 of Part 13 of the Corporation Tax Act 2010 that runs such activities.

8 Meaning of “community building”

- (1) In this Act “community building”—
- (a) means a building (such as a village hall, town hall or place of worship), or those parts of it, to which the public or a section of the public have access at some or all times, but

- (b) does not include any parts of a building excluded by subsection (2) or (3).
- (2) Any parts of a building that are used wholly or mainly for residential purposes or the sale or supply of goods are excluded.
- (3) Any parts of a building that are used wholly or mainly for other commercial purposes are excluded, except at any times when—
 - (a) a charity is carrying out a charitable activity in those parts, and
 - (b) the parts are available for use exclusively by the charity in carrying out the activity.
- (4) Where a person holds a freehold or leasehold interest in land, any two or more buildings on the land, or on any adjoining land in which the person holds such an interest, are to be treated as a single building for the purposes of this Act.
- (5) The Treasury may by order—
 - (a) provide for cases in which a building, or part of it, is or is not to be treated as a community building or as part of a community building for the purposes of this Act;
 - (b) provide for cases in which 2 or more buildings in the same vicinity are to be treated as a single building for the purposes of this Act.
- (6) Provision under subsection (5) may be framed by reference to a description of building, the use to which it is put or any other circumstances; and the provision may be framed so as to apply at all times or at certain times only.
- (7) In the application of this section to Scotland—
 - (a) a reference to a freehold interest in land is to the interest of the owner, and
 - (b) a reference to a leasehold interest in land is to a tenant's right over or interest in a property subject to a lease.

9 Connected charities and community buildings

- (1) This section applies if—
 - (a) two or more charities (“connected eligible charities”) are connected with one another in a tax year and are eligible charities for the tax year, and
 - (b) one or more of them runs charitable activities in a community building in the tax year.
- (2) Section 1 applies to each of the charities in relation to the tax year as if references to small donations made to a charity included remaining donations made to any of the charities.
- (3) In relation to any of the charities that does not run charitable activities in a community building in the tax year, the specified amount for the purposes of section 1(4) for the charity for the tax year is an amount equal to—
 - (a) the capped total of remaining donations, divided by
 - (b) the number of the connected eligible charities which make a top-up claim in respect of small donations made in the tax year.
- (4) In subsection (3) “the capped total of remaining donations” means—
 - (a) the sum of the remaining donations made to each of the connected eligible charities in the tax year, or

- (b) if less, £5,000.
- (5) But for the purposes of subsection (3), a charity that runs charitable activities in a community building in the tax year is to be treated as not having made a top-up claim in respect of small donations made in the tax year unless—
- (a) its total claimed amount for the year, exceeds
 - (b) its community buildings amount for the year.
- (6) In subsection (5)—
- “total claimed amount for the year” means the sum of the small donations made to the charity in the tax year and in respect of which it has made successful top-up claims;
 - “community buildings amount for the year” means the amount that would be the specified amount for the charity for the tax year under section 6 if the charity’s remaining amount for that year were nil.
- (7) In relation to any of the charities that runs charitable activities in a community building in the tax year, section 6 applies as if the charity’s remaining amount were the specified amount given by subsection (3).
- (8) “Remaining donations” has the meaning given by section 6(5).