

# Interpretation of Corporation Tax Acts

## Part 01-00-02

This document should be read in conjunction with sections 4, 76, 207, 208, 208A, 235 and 609 and 1014 of the Taxes Consolidation Act 1997

This document was last updated in March 2024

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## Company

“Company” is defined in section 4(1) of the Taxes Consolidation Act (TCA) 1997.

Only companies are subject to corporation tax.

“**Company**” means any body corporate but does **not** include:

- the Health Service Executive,
- a grouping within the meaning of section 1014 TCA 1997 (a European Economic Interest Grouping),
- an education and training board,
- a committee of agriculture established under the Agriculture Act, 1931, or
- a local authority for the purposes of the Local Government Act 2001 (as amended by the Local Government Reform Act 2014) and includes a body established under the Local Government Services (Corporate Bodies) Act 1971.

## Body Corporate

A **body corporate** is a group of persons which has had conferred on it by law a separate identity from the members comprising it. All companies established under the Companies Acts with or without limited liability, and those limited by share capital or by guarantee would be included.

Also included are:

- societies registered under the Industrial and Provident Societies Acts such as cooperative societies and friendly societies,
- companies established by **statute** or incorporated by charter (whether in Ireland or abroad) e.g., the Electricity Supply Board, Bord na Móna, Radio Telefís Éireann, Shannon Free Airport Development Company Ltd.

A body corporate does **not** include an unincorporated society or other body, i.e., a group of persons, whether specially recognised by law or not, which has no identity separate from its members (and which is consequently not a company), for example:

- (i) an association formed for some social or charitable object which has not formed itself into an incorporated company,
- (ii) sporting clubs which have not formed themselves into incorporated companies,
- (iii) a trade union,
- (iv) an unregistered friendly society,
- (v) partnerships and other similar associations.

## Charities

Charities may be established in the form of trusts, societies, or limited liability companies. A charity, which is not a company within the definition in section 4(1) TCA 1997, is outside the scope of corporation tax and, unless specifically exempted, remains chargeable to income tax. The TCA 1997 does not contain a definition of a charitable company nor are any specific provisions set down.

### Charitable purposes

In deciding what constitutes “charitable purposes” the principles laid down by Lord Mac Naughton in **Special Commissioners of Income Tax V Pemsel (3 TC 33)** are the guiding factors (e.g., relief of poverty, the advancement of religion or education, or other purposes of benefit to the community).

The general regulation of charities, including monitoring of the activities of individual charities, is a matter for the Charities Regulator, which is an independent body set up under the terms of the Charities Act 2009.

Since the establishment of the Charities Regulator, all applications to register as a charity must now be submitted to the Charities Regulator under section 39 of the Charities Act 2009. Once charities have been registered with the Charities Regulator they can apply to Revenue’s Charities and Sports Exemptions Unit for charitable tax exemption.

For information in relation to the registration and regulation of charities, please contact the Charities Regulator, whose contact details are:

**Address:** 3 George's Dock, IFSC, Dublin 1, D01 X5X0.

**Phone:** (01) 6331500

**Email:** [info@charitiesregulator.ie](mailto:info@charitiesregulator.ie)

**Website:** <http://www.charitiesregulator.ie/en>

### Tax exemptions

A charity is defined in section 208(1) TCA 1997 as, “**any body of persons or trust established for charitable purposes only**”. This definition applies for both income tax and, by virtue of section 5(1) TCA), capital gains tax.

Under section 207 TCA 1997 charities are exempt in respect of rental income, interest and dividends received where the income is applied solely to charitable purposes.

Section 208 TCA 1997 grants exemption from income tax chargeable under Schedule D Case I(b) for profits or gains from lands owned and occupied by a charity; and from tax chargeable under Schedule D for trades and/or professions (such as counselling services) carried on by charities where the profits are applied solely to the purpose of the charity and the trade or profession is exercised in carrying out the primary purpose of the charity or the

work in connection with the trade or profession is mainly carried on by beneficiaries of the charity.

Section 208A TCA allows a foreign charity established in any EEA or EFTA State to apply to the Revenue Commissioners for a determination that it would qualify for the tax exemptions provided for by section 207 or 208, if it were to have income in the State of a kind referred to in those sections. Essentially this is rental and other investment income, for example, interest and dividends, and trading profits. Where the Revenue Commissioners are satisfied that either of these exemptions would apply in those circumstances, they will issue a notice of determination to the charity to that effect.

Section 76(6) TCA 1997 provides that the income tax provisions relating to exemptions (including exemptions relating to charities) or imposing a charge to tax are carried over into corporation tax.

Section 78 TCA 1997 ensures that capital gains accruing to a charity, which is a company, are exempt from corporation tax to the extent that those gains would be exempt from capital gains tax under section 609 TCA 1997.

## **Sporting Bodies**

Certain sports bodies that are established as a company for the sole purpose of the promotion of athletic or amateur games or sports (“approved sporting bodies”) can apply for an exemption from Corporation Tax, for so much of their income that is applied for the purpose of promoting the game or sport in question. Other non-corporate sports bodies can apply for an exemption from Income Tax. The definition of “approved body of persons” was extended to contain the definition of sport to clarify as to who is eligible to apply for tax exemption under section 235 TCA. The definition of sport includes “competitive sport”, and “recreational sport”

“Competitive sport” means all forms of physical activity which, through organised participation, aim at—

- (a) expressing or improving physical fitness, and
- (b) obtaining improved results in competition at all levels.

“Recreational sport” means all forms of physical activity which, through casual or regular participation, aim at—

- (a) expressing or improving physical fitness and mental well-being, and
- (b) forming social relationships.

The sporting bodies which were previously granted tax exemption up to and including tax year 2022 under section 235 TCA, will retain the exemption provided that they observe the conditions of the section.

This exemption shall be granted where it can be shown to the satisfaction of the Revenue Commissioners that such income is applied solely for those purposes [section 235 Taxes Consolidation Act 1997].

Please refer to [Tax and Duty Manual 07-03-08 - Games and sports bodies exemptions](#) for further information on the sports bodies exemption.

#### **Contact details for Revenue Charities Section and Sports Exemption Unit**

All written correspondence should be sent through the My Enquiries service available in my Account or ROS.

Phone: 01 7383688

Please refer to [Tax and Duty Manual 07-01-06 - Charity Exemption](#) for further information.

#### **Clubs and Trade Associations**

Please refer to [Tax and Duty Manual 36-00-05 - Companies carrying on a mutual business or not carrying on a business](#) for further information.