

SCHEDULES

SCHEDULE 15

THE CORPORATE VENTURING SCHEME

PART XI

SUPPLEMENTARY AND GENERAL

Identification of shares on a disposal

- 93 (1) In any case where—
- (a) a company (“the company”) disposes of part of a holding of shares (“the holding”), and
 - (b) the holding includes shares to which investment relief is attributable that have been held continuously by the company from the time they were issued until the disposal,
- this paragraph applies for the purpose of identifying the shares disposed of.
- (2) For the purposes of this paragraph “holding” means any number of shares of the same class in another company held by the company in the same capacity, growing or diminishing as shares of that class are acquired or disposed of.
- (3) Where shares included in the holding have been acquired by the company on different days, then, for the purposes of corporation tax on chargeable gains and of this Schedule, any disposal by the company of any of those shares shall be treated as relating to those acquired on an earlier day rather than to those acquired on a later day.
- (4) Where shares included in the holding have been acquired by the company on the same day, then, for the purposes of corporation tax on chargeable gains and of this Schedule, if there is a disposal by the company of any of those shares, any shares—
- (a) to which investment relief is attributable, and
 - (b) which have been held by the company continuously from the time they were issued until the time of disposal,
- shall be treated as disposed of after any other shares included in the holding which were acquired by the company on that day.
- (5) Chapter I of Part IV of the 1992 Act (share pooling, etc.) shall have effect subject to this paragraph.
- (6) Sections 104 to 106 and 107 of that Act (which make provision for the purposes of corporation tax on chargeable gains for the identification of shares on a disposal) shall not apply to shares to which investment relief is attributable.
- (7) In a case to which section 127 of that Act (equation of original shares and new holding) applies (whether or not by virtue of section 135(3) of that Act), shares

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comprised in the new holding shall be treated for the purposes of sub-paragraphs (3) and (4) as acquired when the original shares were acquired.

In this sub-paragraph “new holding” and “original shares” shall be construed in accordance with sections 126, 127, 135 and 136 of that Act.

Determination of loss where investment relief is attributable to shares

- 94 (1) This paragraph applies for the purposes of corporation tax on chargeable gains where—
- (a) a company disposes of shares which were held by it continuously from the time they were issued until the disposal,
 - (b) investment relief is attributable to the shares (and not withdrawn in full as a result of the disposal), and
 - (c) apart from sub-paragraph (2), there would be a loss on the disposal.
- (2) For the purpose of determining the gain or loss on the disposal the consideration given by the company for the shares is treated as reduced by the amount of the investment relief attributable to the shares immediately after the disposal.
- (3) Any gain which accrues by virtue of sub-paragraph (2) is not a chargeable gain.
- (4) Notwithstanding the definition of “allowable loss” in section 834(1) of the Taxes Act 1988 (interpretation of the Corporation Tax Acts), nothing in sub-paragraph (3) has effect in relation to any loss determined in accordance with sub-paragraph (2) to prevent it being an allowable loss.

Nominees

- 95 Shares subscribed for by, issued to, acquired or held by or disposed of by a nominee for any person shall be treated for the purposes of this Schedule as subscribed for by, issued to, acquired or held by or disposed of by that person.

Meaning of “disposal”

- 96 (1) Subject to sub-paragraph (2), in this Schedule “disposal” shall be construed in accordance with the 1992 Act, and cognate expressions shall be construed accordingly.
- (2) A company shall be treated for the purposes of this Schedule, and for the purposes of corporation tax on chargeable gains, as disposing of any shares which but for paragraph 82 (company reconstructions and amalgamations) it—
- (a) would be treated as exchanging for other shares by virtue of section 136(1) of the 1992 Act, or
 - (b) would be so treated but for section 137(1) of the 1992 Act (which restricts sections 135 and 136 of that Act to bona fide reconstructions and amalgamations).

Construction of references to shares being “held continuously”

- 97 (1) This paragraph applies where for the purposes of this Schedule it falls to be determined whether a company has held shares continuously throughout any period.

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- (2) The company shall not be treated as having held shares continuously throughout a period if—
- (a) it is deemed, under any provision of the 1992 Act, to have disposed of and immediately reacquired the shares at any time during the period, or
 - (b) it is treated as having disposed of the shares at any such time, by virtue of paragraph 96(2) (on reconstruction or amalgamation company treated as disposing of shares continuously held by it to which investment relief is attributable).

Meaning of “issue of shares”

- 98 In this Schedule—
- (a) references (however expressed) to an issue of shares in any company are to such of the shares in the company as are of the same class and issued on the same day; and
 - (b) references (however expressed) to an issue of shares in a company to a person are references to such of the shares in an issue of shares in that company as are issued to that person in one capacity.

Meaning of “associate”

- 99 (1) In this Schedule “associate”, in relation to a person, means—
- (a) any relative or partner of that person,
 - (b) the trustee or trustees of any settlement in relation to which that person, or any relative of his (living or dead), is or was a settlor, and
 - (c) where that person is interested in any shares or obligations of a company which are subject to any trust, or are part of the estate of a deceased person—
 - (i) the trustee or trustees of the settlement concerned or, as the case may be, the personal representatives of the deceased, and
 - (ii) if that person is a company, any other company interested in those shares or obligations.
- (2) In sub-paragraph (1)(a) and (b) “relative” means husband or wife, parent or remoter forebear or child or remoter issue.
- (3) In sub-paragraph (1)(b) “settlor” and “settlement” have the same meaning as in Chapter IA of Part XV of the Taxes Act 1988 (see section 660G(1) and (2)).

“The Board” and “the Inland Revenue”

- 100 In this Schedule—
- (a) “the Board” means the Commissioners of Inland Revenue; and
 - (b) references to “the Inland Revenue” are to any officer of the Board.

Power to amend by Treasury order

- 101 The Treasury may by order amend this Schedule—
- (a) to make such amendments of—
 - (i) paragraphs 10 to 12 (the non-financial activities requirement), or
 - (ii) paragraphs 23 to 33 (the trading activities requirement),

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- as they consider expedient;
- (b) to substitute different sums of money for those for the time being specified in paragraph 22 (gross assets requirement).

Minor definitions etc.

102 (1) In this Schedule—

“allowable loss” means an allowable loss for the purposes of corporation tax on chargeable gains;

“arrangements” includes any scheme, agreement or understanding, whether or not legally enforceable;

“chargeable gain” means a chargeable gain for the purposes of corporation tax on chargeable gains;

“class”, in relation to shares or securities, means a class of shares in or securities of any one company (see sub-paragraph (2));

“director” shall be construed in accordance with section 417(5) of the Taxes Act 1988;

“group” means a parent company and its 51% subsidiaries;

“group company”, in relation to a group, means the parent company and any of its 51% subsidiaries;

“ordinary share capital”, except in paragraph 7 (meaning of “material interest”), has the meaning given in section 832(1) of the Taxes Act 1988;

“ordinary shares” means shares forming part of a company’s ordinary share capital;

“parent company” means a company that—

- (a) has one or more 51% subsidiaries, but
- (b) is not itself a 51% subsidiary of another company;

“research and development” has the meaning given by section 837A of the Taxes Act 1988;

“single company” means a company that is not a parent company or a 51% subsidiary of a parent company;

“the 1992 Act” means the Taxation of Chargeable Gains Act 1992.

- (2) For the purposes of this Schedule shares in or securities of a company shall not be treated as being of the same class unless they would be so treated if dealt with on the Stock Exchange.
- (3) Section 839 of the Taxes Act 1988 (connected persons) applies for the purposes of this Schedule.
- (4) References in this Schedule to a company being in administration or receivership shall be construed as follows—
- (a) references to a company being “in administration” are to there being in force in relation to it—
- (i) an administration order under Part II of the Insolvency Act 1986 or Part III of the Insolvency (Northern Ireland) Order 1989, or
- (ii) any corresponding order under the law of a country or territory outside the United Kingdom;
- (b) references to a company being “in receivership” are to there being in force in relation to it—

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- (i) an order for the appointment of an administrative receiver, a receiver and manager or a receiver under Chapter I or II of Part III of the Insolvency Act 1986 or Part IV of the Insolvency (Northern Ireland) Order 1989, or
 - (ii) any corresponding order under the law of a country or territory outside the United Kingdom.
- (5) For the purposes of this Schedule the market value at any time of any asset is the price which it might reasonably be expected to fetch on a sale at that time in the open market free from any interest or right which exists by way of security in or over it.
- (6) In this Schedule—
 - (a) references to investment relief obtained by a company in respect of any shares include references to investment relief obtained by it in respect of those shares at any time after it has disposed of them, and
 - (b) references to the withdrawal or reduction of investment relief obtained by a company in respect of any shares include references to the withdrawal or reduction of investment relief obtained in respect of those shares at any such time.
- (7) In the case of a requirement that cannot be met until a future date—
 - (a) references in this Schedule to a requirement being met for the time being are to nothing having occurred to prevent its being met, and
 - (b) references to its continuing to be met are to nothing occurring to prevent its being met.

Index of defined expressions

103 In this Schedule the following expressions are defined or otherwise explained by the provisions indicated:

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