

Status: Point in time view as at 28/07/2000.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, SCHEDULE 16. (See end of Document for details)

SCHEDULES

SCHEDULE 16

Section 63(2).

CORPORATE VENTURING SCHEME: CONSEQUENTIAL AMENDMENTS

Penalties in connection with returns etc.

- 1 (1) In section 98 of the ^{M1}Taxes Management Act 1970, the Table is amended as follows.
- (2) In the second column after the final entry insert—
- “paragraph 64 or 65 of Schedule 15 to the Finance Act 2000”.
- (3) In the first column after the final entry insert—
- “paragraph 66 of Schedule 15 to the Finance Act 2000”.

Marginal Citations

M1 1970 c. 9.

Enterprise investment scheme

- 2 (1) Chapter III of Part VII of the Taxes Act 1988 is amended as follows.
- (2) In section 303 of the Taxes Act 1988 (value received by persons other than claimants)
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- (a) after subsection (1A) insert—
- “(1AA) This section is subject to section 303A.”;
- and
- (b) in subsection (1B) (receipts which result in withdrawal of person’s EIS relief or EIS deferral relief not relevant), after paragraph (b) insert “; or
- (c) causes any investment relief (within the meaning of Schedule 15 to the Finance Act 2000) to be withdrawn or reduced by virtue of paragraph 46 (disposal of shares) or 49(1)(a) (repayment etc. of share capital or securities) of that Schedule.”
- (3) After that section insert—

“303A Restriction on withdrawal of relief under section 303.

- (1) Subsections (4) and (7) below apply where, by reason of a repayment, any investment relief which is attributable under Schedule 15 to the Finance Act 2000 to any shares is withdrawn under paragraph 56(2) of that Schedule.

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- (2) For the purposes of this section “repayment” means a repayment, redemption, repurchase or payment mentioned in paragraph 56(1) of that Schedule (repayments etc. which cause withdrawal of investment relief).
- (3) For the purposes of this section “the relevant amount” is the amount determined by the formula—

$$X - 5Y$$

Where—

X is the amount of the repayment, and

Y is the aggregate amount of investment relief withdrawn by reason of the repayment.

- (4) Where the relevant amount does not exceed £1,000 the repayment shall be disregarded for the purposes of section 303(1), unless repayment arrangements are in existence at any time in the period—
- (a) beginning one year before the shares mentioned in subsection (1) above are issued, and
 - (b) expiring at the end of the issue date of those shares.
- (5) For this purpose “repayment arrangements” means arrangements which provide—
- (a) for a repayment by the company that issued the shares (“the issuing company”) or any subsidiary of that company, or
 - (b) for anyone to be entitled to such a repayment,
- at any time.
- (6) Subsection (5)(a) above applies in relation to a subsidiary of the issuing company whether or not it is such a subsidiary—
- (a) at the time of the repayment mentioned in subsection (1) above, or
 - (b) when the arrangements were made.
- (7) Where the repayment is not disregarded by virtue of subsection (4) above, the amount receivable by reason of the repayment shall be treated for the purposes of section 303(1C)(a) as an amount equal to the relevant amount.
- (8) Where, but for the existence of paragraph 57(1) of Schedule 15 to the Finance Act 2000 (repayments causing insignificant changes to share capital to be disregarded), any investment relief would be withdrawn by reason of a repayment, the repayment shall be disregarded for the purposes of section 303(1).
- (9) In this section—
- (a) “investment relief” has the same meaning as in that Schedule; and
 - (b) references to the withdrawal of investment relief include its reduction.”

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Loss relief

- 3 (1) Chapter VI of Part XIII of the Taxes Act 1988 (relief on losses on shares in trading companies etc.) is amended as follows.
- (2) In section 573 (relief for losses incurred by investment companies on disposals of shares in qualifying trading companies)—
- (a) in subsection (4)—
- (i) for “Relief under subsection (2) above shall be given before any deduction for” substitute “ Where relief is claimed under subsection (2) above, it must be claimed before any deduction is made for ”;
- (ii) for “is given” substitute “ is obtained ”;
- (iii) for “in respect of the amount” substitute “ for an amount ”; and
- (iv) at the end insert—
- “This subsection is subject to subsection (4A) below.”; and
- (b) after that subsection insert—
- “(4A) Paragraph 70 of Schedule 15 to the Finance Act 2000 (priority of loss relief) provides that where relief under Part VII of that Schedule (relief for losses on disposals of shares to which investment relief is attributable) is claimed it must be claimed in priority to relief under subsection (2) above.”
- (3) In section 575(1) (which restricts the disposals in respect of which relief for losses can be obtained), after paragraph (b) insert—
- “(ba) a disposal within section 24(1) of the 1992 Act (entire loss, destruction, dissipation or extinction of asset); or”.
- (4) In section 576—
- (a) in subsection (1) for “and (1B)” substitute “ to (1C) ”; and
- (b) after subsection (1B) insert—
- “(1C) Where the holding mentioned in subsection (1) above comprises any shares—
- (a) to which investment relief is attributable under Schedule 15 to the Finance Act 2000 (corporate venturing scheme), and
- (b) which have been held continuously (within the meaning of paragraph 97 of that Schedule) from the time they were issued until the disposal,
- any such question as is mentioned in that subsection shall not be determined as provided by that subsection, but shall be determined instead as provided by paragraph 93 of that Schedule (identification of shares on a disposal of part of a holding where investment relief is attributable to any shares in the holding held continuously by the disposing company).
- For this purpose paragraph 93 of that Schedule shall have effect as if the references in it to a disposal had the same meaning as in subsection (1) above.”

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EIS: deferral relief

- 4 (1) The Taxation of Chargeable Gains Act 1992 is amended as follows.
- (2) In paragraph 14 of Schedule 5B (value received by persons other than claimants)—
- (a) in sub-paragraph (1) (repayments etc. which cause revival of a deferred gain under EIS), in paragraph (a) for “an individual” substitute “a person”;
 - (b) at the end of that sub-paragraph insert—

“This is subject to paragraph 14A below.”;
 - (c) in sub-paragraph (3) (exception where repayment etc. causes withdrawal of income tax relief or revival of a deferred gain under the EIS), for “An individual” substitute “A person”; and
 - (d) in that sub-paragraph, after paragraph (b) insert “; or
 - (c) causes any investment relief (within the meaning of Schedule 15 to the Finance Act 2000) to be withdrawn or reduced by virtue of paragraph 46 (disposal of shares) or 49(1)(a) (repayment etc. of share capital or securities) of that Schedule.”
- (3) After that paragraph insert—

“ Certain receipts to be disregarded for purposes of paragraph 14

- 14A(1) Sub-paragraph (4) below applies where, by reason of a repayment, any investment relief which is attributable under Schedule 15 to the Finance Act 2000 to any shares is withdrawn under paragraph 56(2) of that Schedule.
- (2) For the purposes of this paragraph “repayment” means a repayment, redemption, repurchase or payment mentioned in paragraph 56(1) of that Schedule (repayments etc. which cause withdrawal of investment relief).
 - (3) For the purposes of sub-paragraph (4) below “the relevant amount” is the amount determined by the formula—

$$X - 5Y$$

Where—

X is the amount of the repayment, and

Y is the aggregate amount of the investment relief withdrawn by reason of the repayment.

- (4) Where the relevant amount does not exceed £1,000, the repayment shall be disregarded for the purposes of paragraph 14 above, unless repayment arrangements are in existence at any time in the period—
 - (a) beginning one year before the shares mentioned in sub-paragraph (1) above are issued, and
 - (b) expiring at the end of the issue date of those shares.
- (5) For this purpose “repayment arrangements” means arrangements which provide—

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- (a) for a repayment by the company that issued the shares (“the issuing company”) or any subsidiary of that company, or
 - (b) for anyone to be entitled to such a repayment,
at any time.
- (6) Sub-paragraph (5)(a) above applies in relation to a subsidiary of the issuing company whether or not it was such a subsidiary—
- (a) at the time of the repayment mentioned in sub-paragraph (1) above,
or
 - (b) when the arrangements were made.
- (7) Where, but for the existence of paragraph 57(1) of Schedule 15 to the Finance Act 2000 (receipts causing insignificant changes to share capital to be disregarded), any investment relief would be withdrawn by reason of a repayment, the repayment shall be disregarded for the purposes of paragraph 14 above.
- (8) In this paragraph—
- (a) “investment relief” has the same meaning as in that Schedule; and
 - (b) references to the withdrawal of investment relief include its reduction.”

Company tax returns, assessments etc.

- 5 (1) Schedule 18 to the ^{M2}Finance Act 1998 is amended as follows.
- (2) In paragraph 8 (calculation of tax payable), in sub-paragraph (1) after paragraph number 1 of the second step insert—
- “(1A) Any relief under Part V of Schedule 15 to the Finance Act 2000 (corporate venturing scheme: investment relief).”
- (3) In paragraph 9 (claims that cannot be made without a return), after sub-paragraph (3) insert—
- “(4) This paragraph applies to a claim by a company for relief under Part V of Schedule 15 to the Finance Act 2000 (corporate venturing scheme: investment relief).”

Marginal Citations

M2 1998 c. 36.

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