

*Status: Point in time view as at 03/02/2009.*

**Changes to legislation:** *There are currently no known outstanding effects for the Income Tax Act 2007, Cross Heading: The relevant company to carry on the relevant qualifying activity requirement. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 2

#### TRANSITIONALS AND SAVINGS

#### PART 8

##### VENTURE CAPITAL TRUSTS

*The relevant company to carry on the relevant qualifying activity requirement*

- 75 (1) For the purpose of determining whether shares or securities are to be regarded as comprised in a company's qualifying holdings, section 294 applies in relation to shares or securities issued before 6 April 2007 with the following modifications—
- (a) in subsections (1) and (6) the substitution for “relevant qualifying activity” of “qualifying activity”,
  - (b) in subsection (1) the substitution for “section 293” of “section 291”, and
  - (c) the omission of subsection (7).
- (2) For the purpose of determining whether shares or securities are to be regarded as comprised in a company's qualifying holdings, Chapter 4 of Part 6 of this Act applies in relation to shares or securities issued before 17 March 2004 with the substitution for section 294 of—

#### **“294 Further requirements as to the money raised by the investment in question**

- (1) If—
- (a) the relevant company is a parent company, and
  - (b) the business of the group does not consist wholly or as to a substantial part in the carrying on of non-qualifying activities,
- the requirements of this section are not met unless one or more of the following conditions is met.
- (2) Condition A is that the trader company meets the requirement of section 290(1)(a).
- (3) Condition B is that the trader company would meet that requirement if its purposes were ignored so far as they consist in the carrying on of activities in section 290(5).
- (4) Condition C is that the trader company is a [F1 qualifying 90% subsidiary of the relevant company] and—
- (a) apart from incidental purposes, it exists wholly for the purposes of carrying on activities such as those in section 290(5)(c) and (d), or

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(b) it has no profits for the purposes of corporation tax and no part of its business consists in the making of investments.

(5) In this section—

“the business of the group” has the same meaning as it has for the purposes of subsection (1)(b) of section 290,

“incidental purposes” and “non-qualifying activities” have the same meaning as in that section,

“the trader company” means the company (whether the relevant company or a qualifying subsidiary of the relevant company) carrying on the qualifying activity which meets the requirement of section 291.”

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**Textual Amendments**

**F1** Words in [Sch. 2 para. 75\(2\)](#) substituted (with effect in accordance with art. 1(2) of the amending S.I.) by [Income Tax Act 2007 \(Amendment\) \(No.2\) Order 2007 \(S.I. 2007/1820\)](#), arts. 1(1), **4(3)**

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