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**Changes to legislation:** Finance Act 2014, SCHEDULE 10 is up to date with all changes known to be in force on or before 21 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

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## SCHEDULES

### SCHEDULE 10

Section 53

#### VENTURE CAPITAL TRUSTS

##### *Time limits for making assessments*

- 1 (1) In section 270 of ITA 2007 (assessment on withdrawal or reduction of relief), in subsection (1), after “obtained” insert “, and may be made at any time not more than 6 years after the end of that tax year”.
- (2) The amendment made by this paragraph has effect in relation to assessments made on or after 6 April 2014 (including those made for tax years ending before that date).

##### *Linked sales*

- 2 (1) After section 264 of ITA 2007 insert—

##### **“264A Restricting relief where there is a linked sale**

- (1) This section applies where—
- (a) an individual subscribes for shares (“the relevant shares”) in a VCT (“the VCT”), and
  - (b) there is at least one linked sale of other shares by the individual.
- (2) For the purposes of this Part, the amount the individual subscribes for the shares is to be treated as reduced (but not below nil) by the total consideration given for the linked sales of other shares.
- This is subject to subsection (3).
- (3) If a sale is linked in relation to more than one subscription for shares—
- (a) the consideration for it is to be applied to reduce subscriptions under subsection (2) in the order in which the subscriptions are made, and
  - (b) accordingly, to the extent that any consideration has been used to reduce an earlier subscription, it is not available to reduce a later one.
- (4) A sale of shares (“the sold shares”) is “linked” if conditions A and B are met.
- (5) Condition A is that the sold shares are in—
- (a) the VCT, or
  - (b) a company which is (or later becomes) a successor or predecessor of the VCT.
- (6) Condition B is that—
- (a) the individual subscribes for the relevant shares in circumstances where—

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- (i) the purchase of the sold shares from the individual was conditional upon the individual subscribing for shares in the VCT, or
    - (ii) the individual's subscription for shares in the VCT was conditional upon that purchase, or
  - (b) the subscription for the relevant shares and the sale of the sold shares are within 6 months of each other (irrespective of which came first).
- (7) A company (“company X”) is a “successor or predecessor of the VCT” if—
  - (a) there is a merger of two or more companies for the purposes of Chapter 5 (see section 323) and—
    - (i) the VCT is one of the merged companies and company X is “the successor company” (as defined by that section), or
    - (ii) the VCT is “the successor company” and company X is one of the merged companies, or
  - (b) section 327 (effect of restructuring of VCT) applies and—
    - (i) the VCT is “the old company” and company X is “the new company” for the purposes of that section, or
    - (ii) company X is “the old company” and the VCT is “the new company” for those purposes.
- (8) This section does not apply if, or to the extent that, the subscription for the relevant shares is a result of the individual electing to reinvest dividends payable to the individual on shares in the VCT, in acquiring further shares in the VCT.”
- (2) The amendment made by this paragraph has effect in relation to claims for relief by reference to shares issued on or after 6 April 2014.

*Approval of VCT: return of capital*

- 3 (1) Section 281 of ITA 2007 (withdrawal of VCT approval of a company) is amended as follows.
- (2) In subsection (1), omit the “or” at the end of paragraph (d) and after paragraph (e) insert—
  - “(f) that, while it has been a VCT, the company has issued shares and, before the end of the restricted period, the company, other than for the purpose of redeeming or repurchasing any of those shares, has—
    - (i) made a payment to all or any of its shareholders of an amount representing (directly or indirectly) a repayment of its share capital, whether that payment was made out of a reserve arising from a reduction of share capital or otherwise,
    - (ii) where the shares were issued at a premium, made a payment to all or any of its shareholders of an amount representing (directly or indirectly) that premium or any part of it, whether that payment was made out of a share premium reserve or otherwise, or
    - (iii) used an amount which represents (directly or indirectly) the company's share capital or an amount by which that share capital has been diminished, or, where the shares were

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issued at a premium, that premium (or any part of it), to pay up new shares to be allotted to all or any of its shareholders.”

(3) After that subsection insert—

“(1A) In subsection (1)(f)—  
“payment”—

- (a) does not include any distribution of assets made in connection with the winding up of the company, but
- (b) does include every other description of distribution of the company's assets to its members,

and for this purpose “distribution” includes (but is not limited to) a distribution within the meaning of section 989,

“reduction of share capital” has the same meaning as in section 1027A(2) of CTA 2010, and

“the restricted period” means the period of 3 years beginning at the end of the accounting period of the company in which the shares were issued.”

(4) The amendments made by this paragraph have effect in relation to shares issued on or after 6 April 2014.

(5) In section 281(1)(f)(i) or (iii) of ITA 2007 references to a company's share capital do not include so much (if any) of its share capital as consists of shares issued before 6 April 2014.

4 In section 322 of ITA 2007 (power to facilitate mergers of VCTs: provision that may be made by regulations), after subsection (5) insert—

“(5A) Provision for section 281(1)(f) (withdrawal of VCT approval where company has made a repayment of share capital etc) not to apply, or to apply subject to modifications, to the successor company or any of the merging companies, in relation to payments made, or amounts used to pay up new shares, in connection with or after the merger.”

#### *Nominees*

5 (1) After section 330 of ITA 2007 insert—

#### *“Nominees*

#### **330A Nominees**

Shares subscribed for, issued to, held by or disposed of for an individual by a nominee are treated for the purposes of this Part as subscribed for, issued to, held by or disposed of by the individual.”

(2) In section 284 of that Act (power to make regulations as to procedure), in subsection (1)(d), after “persons” include “(including nominees)”.

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. 31 para. 2(3)(b) inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(iii\)](#)
- Sch. 31 para. 2(4A) inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(c\)](#)
- Sch. 31 para. 3(1A) inserted by [2017 c. 32 Sch. 14 para. 45\(3\)\(b\)](#)
- Sch. 31 para. 5(b) inserted by [2017 c. 32 Sch. 14 para. 45\(4\)\(c\)](#)
- Sch. 31 para. 2(3)(a) words inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(ii\)](#)
- Sch. 31 para. 5(a) words inserted by [2017 c. 32 Sch. 14 para. 45\(4\)\(b\)](#)
- Sch. 31 para. 2(3)(a) words renumbered as Sch. 31 para. 2(3)(a) by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(i\)](#)
- Sch. 31 para. 5(a) words renumbered as Sch. 31 para. 5(a) by [2017 c. 32 Sch. 14 para. 45\(4\)\(a\)](#)
- Sch. 32 para. 1(2)(b) inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(iii\)](#)
- Sch. 32 para. 1(3A) inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(c\)](#)
- Sch. 32 para. 1(2)(a) words inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(ii\)](#)
- Sch. 32 para. 1(2)(a) words renumbered as Sch. 32 para. 1(2)(a) by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(i\)](#)