

Status: Point in time view as at 18/11/2015.

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 2015, Cross Heading: Acquisitions for restructuring purposes. (See end of Document for details)

SCHEDULES

SCHEDULE 6

VENTURE CAPITAL TRUSTS

Acquisitions for restructuring purposes

- 16 (1) Section 326 (restructuring to which section 327 applies) is amended as follows.
- (2) In subsection (1), for “Section 327 applies” substitute “ Sections 326A and 327 apply ”.
- (3) In subsection (4) for the words from the beginning to “as being met” substitute “ Nothing in section 326A treats any of the requirements of Chapter 3 as being met, and nothing in section 327 treats any of the requirement of Chapter 4 as being met ”.
- (4) In subsection (5), before “327” insert “ 326A does not treat any requirement of Chapter 3 as being met and section ”.
- 17 After section 326 insert—

“326A Certain requirements of Chapter 3 to be treated as met

- (1) If this section applies, subsections (2) to (6) have effect to determine the extent to which, and the time for which, the following conditions in Chapter 3 are met in relation to the old shares and the new shares—
- the investment limits condition (see section 280B);
 - the permitted maximum age condition (see section 280C);
 - the no business acquisition condition (see section 280D).
- (2) If—
- (a) there is an exchange under the arrangements of any new shares for any old shares, and
 - (b) those old shares are an investment in relation to which the investment limits condition, the permitted maximum age condition or the no business acquisition condition is (or is treated as being) met to any extent,
- those conditions are to be treated as met to the same extent in relation to the matching new shares.
- See subsections (3) to (6) for further provision about when those conditions are treated as met in relation to the old shares.
- (3) If—
- (a) the exchange occurs during the period of 5 years beginning with the day after the day on which the old shares were issued, and
 - (b) those old shares are shares in relation to which section 280B(2)(c) applies,

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section 280B(2)(c) is to be treated as applying in relation to the matching new shares.

(4) In determining whether section 280B(2)(c) applies in relation to the old shares—

- (a) condition A is treated as met if it would be met if the reference in section 280B(3B)(a)(i) to a company which becomes a 51% subsidiary of the relevant company during the 5-year post-investment period included a reference to a company which becomes a 51% subsidiary of the new company during that period otherwise than as a result of the exchange, and
- (b) in relation to investments made or trades transferred at or after the time of the exchange, references to the relevant company in section 280B(3C)(b) and (3F)(a) are to be read as references to the new company.

(5) The permitted maximum age condition is met in relation to the old shares if (and only if) it would be met if—

- (a) in section 280C(5)(a)(ii) and (6)(a) the references to relevant investments made in the relevant company included a reference to the relevant investments made in the new company,
- (b) in section 280C(7)(d) and (f) the references to the relevant company included a reference to the new company,
- (c) in paragraphs (a)(ii) and (b)(iii) of the definition of “the total relevant turnover amount” in section 280C(9) the reference to a company which becomes a 51% subsidiary of the relevant company after the investment date included a reference to a company which becomes a 51% subsidiary of the new company after that date otherwise than as a result of the exchange.

(6) The no business acquisition condition is met in relation to the old shares if (and only if) it would be met if, in section 280D(2), references to the relevant company were read as including a reference to the new company.”

18 (1) Section 327 (certain requirements of Chapter 4 to be treated as met) is amended as follows.

(2) In subsection (1)—

(a) after the entry for section 291 insert—

“section 292A (the maximum amount raised annually through risk finance investments requirement),

section 292AA (the maximum amount raised through risk finance investments when relevant holding is issued requirement),

section 292AB (the maximum risk finance investments during the 5-year post-investment period requirement),”

(b) after the entry for section 294 insert— “ section 294A (the permitted company age requirement),” and ”

(c) omit the “and” at the end of the entry for section 297, and after the entry for section 297A insert “, and

section 297B (the proportion of skilled employees requirement).”

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(3) In subsection (4)—

- (a) after “sections” insert “ 292A, 292AA, 292AB ”,
- (b) after “294” insert “ , 294A ”, and
- (c) for “and 297A” substitute “ , 297A and 297B ”.

(4) After subsection (4) insert—

“(4A) If—

- (a) there is an exchange under the arrangements of any new shares for any old shares,
- (b) that exchange occurs during the period of 5 years beginning with the day after the day on which the old shares were issued, and
- (c) those old shares are shares in relation to which the requirement of section 292AB (maximum risk finance investments during 5-year post-investment period) applies and is met,

that requirement is to be treated as applying and met in relation to the matching new shares.

(4B) But, where that requirement applies in relation to the old shares, it is met in relation to those shares if (and only if) it would be met were—

- (a) the first reference to the relevant company in section 292AB(4), and
- (b) the references to the relevant company in section 292AB(5) and (7)(a)(i),

read, in relation to times in that 5 year period which fall at or after the time of the exchange, as references to the new company.

(4C) For the purposes of subsections (4A) and (4B), the requirement in section 292AB is treated as applying in relation to the old shares if condition A or B in that section would be met if references in section 292AB(5) and (7)(a)(i) to the relevant company were read as references to the new company.

(4D) The requirement in section 293 (the use of money raised) is met in relation to the old shares if (and only if) it would be met if references to the relevant company in section 293(5ZA) were read as including a reference to the new company.

(4E) The requirement of section 294A (permitted company age) is met in relation to the old shares if (and only if) it would be met if—

- (a) in section 294A(4) the reference to relevant investments made in the relevant company included a reference to relevant investments made in the new company,
- (b) in section 294A(6)(d) and (f) the references to the relevant company included a reference to the new company,
- (c) in paragraphs (a)(ii) and (b)(iii) of the definition of “the total relevant turnover amount” in section 294A(8) the reference to a company which becomes a 51% subsidiary of the relevant company after the investment date included a reference to a company which becomes a 51% subsidiary of the new company after that date otherwise than as a result of the exchange.

(4F) If—

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- (a) there is an exchange under the arrangements of any new shares for any old shares,
 - (b) that exchange occurs during the period of 3 years beginning with the issue of the old shares, and
 - (c) those old shares are shares in relation to which the requirement of section 297B (proportion of skilled employees requirement) is met, that requirement is to be treated as met in relation to the matching new shares.
- (4G) The requirement of section 297B is met in relation to the old shares if (and only if) it would be met in relation to those shares were references to the relevant company, in subsections (1) and (3) of that section (and, in the definitions of the terms mentioned in subsection (4) as they apply for the purposes of those subsections), read as references to the new company in relation to times in that 3 year period which fall at or after the exchange.”

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