



Income and Corporation Taxes Act 1988

1988 CHAPTER 1

PART VII

GENERAL PROVISIONS RELATING TO TAXATION OF INCOME OF INDIVIDUALS

CHAPTER III

[^{F1}ENTERPRISE INVESTMENT SCHEME]

300 Value received from company.

[^{F1} [^{F2}(1) Subsection (1A) below applies where an individual who subscribes for eligible shares in a company receives any value from the company at any time in the [^{F3}designated] period.]

(1A) Where any relief is attributable to those shares, then (unless the amount of the relief has already been reduced on account of the value received)—

- (a) if it is greater than the amount mentioned in subsection (1B) below, it shall be reduced by that amount, and
- (b) if paragraph (a) above does not apply, the relief shall be withdrawn.

(1B) The amount referred to in subsection (1A) above is an amount equal to tax at the lower rate for the year of assessment for which the relief was given on the amount of the value received; and section 299(4) above applies for the purposes of this subsection as it applies for the purposes of subsection (2) of that section.

[^{F4}(1C) References in subsection (1) above to the receipt of value from a company include references to the receipt of value from a person who at any time in the relevant period is connected with the company, whether or not he is so connected at the time when the individual concerned receives the value from him; and other references to the company in this section and section 301 shall be read accordingly.]

(1D) Notwithstanding anything in subsection (2) below, for the purposes of this section an individual is not to be treated as receiving value from a company by reason only of

Status: Point in time view as at 28/07/2000. This version of this provision has been superseded.

Changes to legislation: Income and Corporation Taxes Act 1988, Section 300 is up to date with all changes known to be in force on or before 06 August 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)

the payment to him, or any associate of his, of any remuneration for services rendered to the company as a director if the remuneration is reasonable remuneration.

(1E) Section 291(4) applies for the purposes of subsection (1D) above as it applies for the purposes of section 291A, and the reference in subsection (1D) above to the payment of remuneration includes the provision of any benefit or facility]

(2) ^{M1}For the purposes of this section an individual receives value from the company if the company—

- (a) repays, redeems or repurchases any of its share capital or securities which belong to the individual or makes any payment to him for giving up his right to any of the company's share capital or any security on its cancellation or extinguishment;
- (b) repays any debt owed to the individual other than a debt which was incurred by the company—
 - (i) on or after the date on which he subscribed for the shares in respect of which the relief is claimed; and
 - (ii) otherwise than in consideration of the extinguishment of a debt incurred before that date;
- (c) makes to the individual any payment for giving up his right to any debt (other than a debt in respect of a payment of the kind mentioned in section [F5291A(3) (a) or (f)] or an ordinary trade debt) on its extinguishment;
- (d) releases or waives any liability of the individual to the company or discharges, or undertakes to discharge, any liability of his to a third person;
- (e) makes a loan or advance to the individual which has not been repaid in full before the issue of the shares in respect of which relief is claimed;
- (f) provides a benefit or facility for the individual;
- (g) transfers an asset to the individual for no consideration or for consideration less than its market value or acquires an asset from him for consideration exceeding its market value; or
- (h) makes to him any other payment except a payment of the kind mentioned in [F6any of the paragraphs of section 291A(3)] or a payment in discharge of an ordinary trade debt.

(3) For the purposes of this section an individual also receives value from the company if he receives in respect of ordinary shares held by him any payment or asset in a winding up or in connection with a dissolution of the company, being a winding up or dissolution falling within section 293(6).

(4) The value received by an individual is—

- (a) in a case within paragraph (a), (b) or (c) of subsection (2) above, the amount receivable by the individual or, if greater, the market value of the shares, securities or debt in question;
- (b) in a case within paragraph (d) of that subsection, the amount of the liability;
- (c) in a case within paragraph (e) of that subsection, the amount of the loan or advance reduced by the amount of any repayment made before the issue of the shares in respect of which relief is claimed;
- (d) in a case within paragraph (f) of that subsection, the cost to the company of providing the benefit or facility less any consideration given for it by the individual;
- (e) in a case within paragraph (g) of that subsection, the difference between the market value of the asset and the consideration (if any) given for it;

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- (f) in a case within paragraph (h) of that subsection, the amount of the payment; and
 - (g) in a case within subsection (3) above, the amount of the payment or, as the case may be, the market value of the asset.
- (5) ^{M2}For the purposes of this section an individual also receives value from the company if any person who would, for the purposes of section 291, be treated as connected with the company—
- (a) purchases any of its share capital or securities which belong to the individual; or
 - (b) makes any payment to him for giving up any right in relation to any of the company's share capital or securities;
- and the value received by the individual is the amount receivable by the individual or, if greater, the market value of the shares or securities in question.

[^{F7}(6) Where by reason of an individual's disposal of shares in a company any relief attributable to those shares is withdrawn or reduced under section 299, the individual shall not be treated for the purposes of this section as receiving value from the company in respect of the disposal.]

Textual Amendments

- F1** S. 300(1)-(1E) substituted for s. 300(1) (with effect as mentioned in s. 137(1)(2) of the amending Act) by Finance Act 1994 (c. 9), **Sch. 15 para. 14(a)**
- F2** S. 300(1) substituted (with effect as mentioned in s. 74(3) of the amending Act) by Finance Act 1998 (c. 36), **Sch. 13 para. 13(1)**
- F3** Word in s. 300(1) substituted (with effect as mentioned in Sch. 17 para. 8 of the amending Act) by Finance Act 2000 (c. 17), s. 64, **Sch. 17 para. 4**
- F4** S. 300(1C) substituted (with effect as mentioned in s. 74(3) of the amending Act) by Finance Act 1998 (c. 36), **Sch. 13 para. 13(2)**
- F5** Words in s. 300(2)(c) substituted (with effect as mentioned in s. 137(1)(2) of the amending Act) by Finance Act 1994 (c. 9), **Sch. 15 para. 14(b)(i)**
- F6** Words in s. 300(2)(h) substituted (with effect as mentioned in s. 137(1)(2) of the amending Act) by Finance Act 1994 (c. 9), **Sch. 15 para. 14(b)(ii)**
- F7** S. 300(6) inserted (with effect as mentioned in s. 74(3), Sch. 13 para. 13(4) of the amending Act) by Finance Act 1998 (c. 36), **Sch. 13 para. 13(3)**

Marginal Citations

- M1** Source-1983 Sch.5 8(2); 1981 s.58(2)-(4); 1986 Sch.9 10(3)
- M2** Source-1983 Sch.5 8(3); 1983 (No.2) Sch.1 5

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