

## SCHEDULES

### SCHEDULE 9

#### VENTURE CAPITAL TRUSTS: QUALIFYING HOLDINGS

##### *Requirements as to business of company whose shares etc. are qualifying holdings*

- 2 (1) In paragraph 3 (requirements as to company's business), for paragraphs (b) and (c) of sub-paragraph (2) (company must be of one of the given descriptions) there shall be substituted "or
- (aa) the parent company of a trading group."
- (2) After sub-paragraph (5) of that paragraph there shall be inserted the following sub-paragraphs—
- “(6) For the purposes of this paragraph a company is the parent company of a trading group if—
- (a) it has one or more subsidiaries;
- (b) each of its subsidiaries is a qualifying subsidiary of the company; and
- (c) the requirements of sub-paragraph (7) below are fulfilled by what would be the business of the company and its qualifying subsidiaries if all the activities, taken together, of the company and its qualifying subsidiaries were regarded as one business.
- (7) A business fulfils the requirements of this sub-paragraph if neither the business nor a substantial part of it consists in, or in either of, the following, that is to say—
- (a) activities falling within paragraph 4(2)(a) to (f) below but not within sub-paragraph (8) below; and
- (b) activities carried on otherwise than in the course of a trade.
- (8) The activities falling within this sub-paragraph are—
- (a) the receiving of royalties or licence fees in circumstances where the requirements mentioned in paragraphs (a) and (b) of paragraph 4(5) or (6) below are satisfied in relation to the company receiving them;
- (b) the letting of ships, other than oil rigs or pleasure craft, on charter in circumstances where the requirements mentioned in paragraphs (a) to (d) of paragraph 4(7) below are satisfied in relation to the company so letting them.
- (9) Activities of a company or of any of its qualifying subsidiaries shall be disregarded for the purposes of sub-paragraphs (6) to (8) above to the extent that they consist in—
- (a) the holding of shares in or securities of, or the making of loans to, one or more of the company's qualifying subsidiaries; or

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*Status: This is the original version (as it was originally enacted).*

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- (b) the holding and managing of property used by the company or any of its qualifying subsidiaries for the purposes of—
    - (i) research and development from which it is intended that a qualifying trade to be carried on by the company or any of its qualifying subsidiaries will be derived; or
    - (ii) one or more qualifying trades so carried on.
- (10) Activities of a qualifying subsidiary of a company shall also be disregarded for the purposes of sub-paragraphs (6) to (8) above to the extent that they consist in—
  - (a) the making of loans to the company; or
  - (b) in the case of a mainly trading subsidiary, activities carried on in pursuance of its insignificant purposes (within the meaning given by sub-paragraph (11) below).
- (11) In sub-paragraph (10) above “mainly trading subsidiary” means a qualifying subsidiary which, apart from purposes (“its insignificant purposes”) which are capable of having no significant effect (other than in relation to incidental matters) on the extent of its activities, exists wholly for the purpose of carrying on one or more qualifying trades.”