

*Status: Point in time view as at 25/07/2003.*

*Changes to legislation: Finance Act 1999, SCHEDULE 8 is up to date with all changes known to be in force on or before 24 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)*

## SCHEDULES

### SCHEDULE 8

Section 73.

#### EIS DEFERRED GAINS: GAINS ACCRUING ON PART DISPOSAL

##### *Introductory*

- 1 Schedule 5B to the <sup>M1</sup>Taxation of Chargeable Gains Act 1992 (relief in respect of re-investment under the enterprise investment scheme) is amended as follows.

##### **Marginal Citations**

**M1** 1992 c.12.

##### *Paragraph 4*

- 2 (1) In paragraph 4(1) (amount of gain accruing on chargeable event), for paragraph (b) substitute—
- “(b) the amount of the gain shall be equal to so much of the deferred gain as is attributable to the shares in relation to which the chargeable event occurs.”
- (2) For paragraph 4(5)(a) (amount of gain where shares represented by other assets) substitute—
- “(a) so much of the deferred gain as is attributable to those shares shall be treated, in determining for the purposes of this paragraph the amount of the deferred gain to be treated as attributable to each of those assets, as apportioned in such manner as may be just and reasonable between those assets; and”.
- (3) After paragraph 4(5) insert—
- “(6) In order to determine, for the purposes of this paragraph, the amount of the deferred gain attributable to any shares, a proportionate part of the amount of the gain shall be attributed to each of the relevant shares held, immediately before the occurrence of the chargeable event in question, by the investor or a person who has acquired any of the relevant shares from the investor on a disposal within marriage.
- (7) In this paragraph “the deferred gain” means—
- (a) the amount of the original gain against which expenditure has been set under this Schedule, less
- (b) the amount of any gain treated as accruing under this paragraph previously as a result of a disposal of any of the relevant shares.”

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### *Paragraph 19*

- 3 (1) In paragraph 19(1) (interpretation) omit the definition of “relevant shares”.
- (2) After paragraph 19(1) insert—
- “(1A) For the purposes of this Schedule, “the relevant shares”, in relation to a case to which this Schedule applies, means the shares which—
- (a) are acquired by the investor in making the qualifying investment, and
  - (b) where the qualifying investment is made before the time at which the original gain accrues, are still held by the investor at that time.
- This is subject to sub-paragraphs (1B) and (1D) below.
- (1B) If any corresponding bonus shares in the same company are issued to the investor or any person who has acquired any of the relevant shares from the investor on a disposal within marriage, this Schedule shall apply as if references to the relevant shares were to all the shares comprising the relevant shares and the bonus shares so issued.
- (1C) In sub-paragraph (1B) above “corresponding bonus shares” means bonus shares which—
- (a) are issued in respect of the relevant shares; and
  - (b) are of the same class, and carry the same rights, as those shares.
- (1D) If, in circumstances in which paragraph 8 above applies, new shares are issued in exchange for old shares, references in this Schedule to the relevant shares, so far as they relate to the old shares, shall be construed as references to the new shares and not to the old shares.
- (1E) In sub-paragraph (1D) above “new shares” and “old shares” have the same meaning as in paragraph 8 above.”

### *Consequential amendments*

- 4 In consequence of paragraph 3 above—
- (a) in paragraph 2 (postponement of original gain), in sub-paragraphs (1) and (4), for “relevant shares” substitute “ the relevant shares ”;
  - (b) in paragraph 2(2) and (3), for “any relevant shares” substitute “ the relevant shares ”;
  - (c) in paragraph 2(2)(b), for “those relevant shares” substitute “ the relevant shares ”;
  - (d) in paragraph 3 (chargeable events), in sub-paragraph (1) and paragraphs (a) and (b) of sub-paragraph (5), for “any relevant shares” substitute “ any of the relevant shares ”;
  - (e) in paragraph 4 (gain accruing on chargeable event), in sub-paragraphs (1) and (5), for “any relevant shares” substitute “ any of the relevant shares ”;
  - (f) in paragraph 4(5)(b), for “the same relevant shares” substitute “ the same shares ”;
  - (g) in paragraph 5(1) (person to whom gain accrues), for “any relevant shares” substitute “ any of the relevant shares ”;
  - (h) in paragraph 6(1) (deferral claims), for “relevant shares” substitute “ the relevant shares ”;

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- (i) in paragraph 16(1) and (2) (information about chargeable events), for “any relevant shares” substitute “ any of the relevant shares ”; and
- (j) in paragraph 19(1) (interpretation), in the definition of “the five year period”, for “any relevant shares” substitute “ any of the relevant shares ”.

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