
Status: Point in time view as at 19/07/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Part VI. (See end of Document for details)

SCHEDULES

SCHEDULE 15

THE CORPORATE VENTURING SCHEME

PART VI

WITHDRAWAL OF INVESTMENT RELIEF

Disposal of shares

- 46 (1) This paragraph applies where—
- (a) the investing company disposes of any of the relevant shares which have been held by it continuously from the time they were issued until the disposal,
 - (b) the disposal takes place during the qualification period relating to the relevant shares, and
 - (c) investment relief is attributable to the shares.
- (2) If the disposal is not—
- (a) by way of a bargain made at arm's length for full consideration,
 - (b) by way of a distribution in the course of dissolving or winding up the issuing company,
 - (c) a disposal within section 24(1) of the 1992 Act (entire loss, destruction, dissipation or extinction of asset), or
 - (d) a deemed disposal under section 24(2) of that Act (claim that value of asset has become negligible),
- the investment relief attributable to those shares must be withdrawn.
- (3) If the disposal is within paragraph (a), (b), (c) or (d) of sub-paragraph (2) the investment relief attributable to those shares must—
- (a) if it is greater than an amount equal to 20% of the amount or value of the consideration (if any) which the company receives for the shares, be reduced by that amount, and
 - (b) in any other case, be withdrawn.
- (4) Where—
- (a) the amount of the reduction (“A”) in the investing company's liability to corporation tax obtained under paragraph 39 (form of investment relief) in respect of the relevant shares, is less than
 - (b) the amount (“B”) which is equal to 20% of the amount subscribed by the investing company for those shares,

Status: Point in time view as at 19/07/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Part VI. (See end of Document for details)

sub-paragraph (3)(a) shall have effect in relation to a disposal of any of those shares as if the amount or value referred to in that sub-paragraph were reduced by multiplying it by the fraction—

$$\frac{A}{B}$$

- (5) Where the amount of investment relief attributable to any of the relevant shares has been reduced before the investment relief was obtained, the amount of the corporation tax reduction obtained in respect of those shares shall be deemed for the purposes of sub-paragraph (4) to be the amount of the corporation tax reduction that would have been obtained had no such reduction of relief been made before the relief was obtained.
- (6) Sub-paragraph (5) does not apply to a reduction by virtue of paragraph 45(4) (attribution of investment relief where there is a corresponding issue of bonus shares).

Value received by investing company

- 47 (1) Sub-paragraph (2) applies where the investing company receives any value (other than insignificant value) from the issuing company during the period of restriction relating to the relevant shares.
- (2) Any investment relief attributable to the shares shall—
- (a) if it exceeds the amount mentioned in sub-paragraph (3), be reduced by that amount, and
 - (b) in any other case, be withdrawn.
- (3) The amount referred to in sub-paragraph (2)(a) is an amount equal to 20% of the amount of the value received.
- (4) This paragraph is subject to the following paragraphs—
- paragraph 51 (value received where there is more than one issue of shares);
 - paragraph 52 (cases where maximum investment relief not obtained); and
 - paragraph 54 (receipt of replacement value).
- (5) Where—
- (a) value is received (“the relevant receipt”) by the investing company from the issuing company at any time during the period of restriction relating to the relevant shares,
 - (b) the investing company has received from the issuing company one or more receipts of insignificant value at a time or times—
 - (i) during that period, but
 - (ii) not later than the time of the relevant receipt, and
 - (c) the aggregate amount of the value of the receipts within paragraph (a) and (b) is not an amount of insignificant value,
- the investing company shall be treated for the purposes of this Part as if the relevant receipt had been a receipt of an amount of value equal to that aggregate amount.

Status: Point in time view as at 19/07/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Part VI. (See end of Document for details)

For this purpose a receipt does not fall within paragraph (b) if it has been previously aggregated under this sub-paragraph.

- (6) If, at any time in the period—
- (a) beginning one year before the relevant shares are issued, and
 - (b) expiring at the end of the issue date,
- arrangements are in existence which provide for the investing company to receive, or to be entitled to receive, any value from the issuing company at any time in the period of restriction relating to those shares, no amount of value received by the investing company shall be treated as a receipt of insignificant value for the purposes of this paragraph.
- (7) For the purposes of this paragraph—
- (a) references to a receipt of insignificant value (however expressed) are references to a receipt of an amount of insignificant value;
 - (b) “an amount of insignificant value” means an amount of value which—
 - (i) does not exceed £1,000, or
 - (ii) if it exceeds that amount, is insignificant in relation to the amount subscribed by the investing company for the shares.

This is subject to sub-paragraph (6).

- (8) Where by reason of the investing company’s disposal of any shares any investment relief attributable to those shares is withdrawn or reduced, the investing company shall not be treated for the purposes of this paragraph as receiving value from the issuing company in respect of the disposal.
- (9) Value received shall be disregarded, for the purposes of this paragraph, to the extent to which investment relief attributable to any shares has already been reduced or withdrawn on its account.

Meaning of “the period of restriction”

- 48 For the purposes of this Schedule “the period of restriction” relating to the relevant shares means the period—
- (a) beginning one year before the shares are issued, and
 - (b) ending at the end of the qualification period relating to the shares.

When value is received

- 49 (1) For the purposes of paragraphs 47 (value received by investing company) and 51 (value received where there is more than one issue of shares) the investing company receives value from the issuing company at any time when the issuing company—
- (a) repays, redeems or repurchases any of its share capital or securities which belong to the investing company or makes any payment to that company for giving up its right to any of the issuing company’s share capital or any security on its cancellation or extinguishment;
 - (b) repays, in pursuance of any arrangements for or in connection with the acquisition of the relevant shares, any debt owed to the investing company other than a debt which was incurred by the issuing company—
 - (i) on or after the date of issue of those shares; and

Status: Point in time view as at 19/07/2007.

*Changes to legislation: There are currently no known outstanding effects
 for the Finance Act 2000, Part VI. (See end of Document for details)*

- (ii) otherwise than in consideration of the extinguishment of a debt incurred before that date;
 - (c) makes to the investing company any payment for giving up the company's right to any debt on its extinguishment;
 - (d) releases or waives any liability of the investing company to the issuing company or discharges, or undertakes to discharge, any liability of the investing company to a third person;
 - (e) makes a loan or advance to the investing company which has not been repaid in full before the issue of the relevant shares;
 - (f) provides a benefit or facility for the directors or employees of the investing company or any of their associates;
 - (g) disposes of an asset to the investing company for no consideration or for a consideration which is or the value of which is less than the market value of the asset;
 - (h) acquires an asset from the investing company for a consideration which is or the value of which is more than the market value of the asset; or
 - (i) makes a payment to the investing company other than a qualifying payment.
- (2) For the purposes of sub-paragraph (1)(e) there shall be treated as if it were a loan made by the issuing company to the investing company—
- (a) the amount of any debt (other than an ordinary trade debt) incurred by the investing company to the issuing company, and
 - (b) the amount of any debt due from the investing company to a third person which has been assigned to the issuing company.
- (3) For the purposes of sub-paragraph (1)(d) the issuing company shall be treated as having released or waived a liability if the liability is not discharged within 12 months of the time when it ought to have been discharged.
- (4) For the purposes of this paragraph—
- (a) references to a debt or liability do not, in relation to a person, include references to any debt or liability which would be discharged by the making by that person of a qualifying payment;
 - (b) references to a benefit or facility do not include references to any benefit or facility provided in circumstances such that, if a payment had been made of an amount equal to its value, that payment would be a qualifying payment; and
 - (c) any reference to a payment or disposal to a person includes a reference to a payment or disposal made to that person indirectly or to his order or for his benefit.

In paragraphs (a) to (c) references to "a person" include references to any person who, at any time in the period of restriction in question, is connected with that person, whether or not he is so connected at the material time.

- (5) In this paragraph—
- "ordinary trade debt" means any debt for goods or services supplied in the ordinary course of a trade or business where any credit given—
 - (a) does not exceed six months, and
 - (b) is not longer than that normally given to customers of the person carrying on the trade or business; and
 - "qualifying payment" means—

Status: Point in time view as at 19/07/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Part VI. (See end of Document for details)

- (a) any payment by any person for any goods, services or facilities provided by the investing company (in the course of its trade or otherwise) which is reasonable in relation to the market value of those goods, services or facilities;
- (b) the payment by any person of any interest which represents no more than a reasonable commercial return on money lent to that person;
- (c) the payment by any company of any dividend or other distribution which does not exceed a normal return on any investment in shares in or other securities of that company;
- (d) any payment for the acquisition of an asset which does not exceed its market value;
- (e) the payment by any person, as rent for any property occupied by the person, of an amount not exceeding a reasonable and commercial rent for the property; and
- (f) a payment in discharge of an ordinary trade debt.

The amount of value received

- 50 For the purposes of paragraph 47 the amount of the value received is—
- (a) in a case within paragraph 49(1)(a), (b) or (c)—
 - (i) the amount received by the investing company, or
 - (ii) the market value of the shares, securities or debt in question, whichever is greater;
 - (b) in a case within paragraph 49(1)(d), the amount of the liability;
 - (c) in a case within paragraph 49(1)(e)—
 - (i) the amount of the loan or advance, less
 - (ii) the amount of any repayment made before the issue of the relevant shares;
 - (d) in a case within paragraph 49(1)(f)—
 - (i) the cost to the issuing company of providing the benefit or facility, less
 - (ii) any consideration given for it by the recipient or any associate of his;
 - (e) in a case within paragraph 49(1)(g) or (h), the difference between the market value of the asset and the consideration (if any) received for it; and
 - (f) in a case within paragraph 49(1)(i), the amount of the payment.

Value received where there is more than one issue of shares

- 51 (1) This paragraph applies where—
- (a) two or more issues of shares in the issuing company have been made to the investing company (being issues in relation to which the investing company is eligible for and claims investment relief), and
 - (b) the value received falls within the periods of restriction relating to two or more of those issues.
- (2) Where this paragraph applies paragraph 47 has effect in relation to the shares comprised in each of the issues referred to in sub-paragraph (1)(b) as if the amount of the value received were reduced by multiplying it by the fraction—

Status: Point in time view as at 19/07/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Part VI. (See end of Document for details)

$$\frac{A}{B}$$

Where—

A is the amount subscribed by the investing company for the shares comprised in the issue in question to which investment relief is (or, but for paragraph 47 would be) attributable; and

B is the aggregate of that amount and the corresponding amount or amounts for the other issue or issues.

Cases where maximum investment relief not obtained

- 52 (1) Where—
- (a) the amount of the reduction (“C”) in the investing company’s liability to corporation tax obtained in respect of the relevant shares, is less than
 - (b) the amount (“D”) which is equal to 20% of the amount subscribed by the investing company for those shares,
- paragraph 47 has effect as if the amount of the value received were reduced by multiplying it by the fraction—

$$\frac{C}{D}$$

- (2) Where the amount of investment relief attributable to any of the relevant shares has been reduced before the investment relief was obtained, the amount of the corporation tax reduction obtained in respect of those shares shall be deemed for the purposes of sub-paragraph (1) to be the amount of the corporation tax reduction that would have been obtained had no such reduction of relief been made before the relief was obtained.
- (3) Sub-paragraph (2) does not apply to a reduction of investment relief by virtue of paragraph 45(4) (attribution of investment relief where there is a corresponding issue of bonus shares).

Receipts of value by and from connected persons

- 53 In paragraphs 47, 49 and 50 references to the investing company or the issuing company include references to any person who at any time in the period of restriction relating to the relevant shares is connected with the company concerned, whether or not he is connected at the material time.

Receipt of replacement value

- 54 (1) Where—
- (a) any investment relief attributable to the relevant shares would, in the absence of this paragraph, be reduced or withdrawn under paragraph 47 by reason of a receipt of value within paragraph 49(1) (“the original value”),

Status: Point in time view as at 19/07/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Part VI. (See end of Document for details)

- (b) the original supplier receives value (“the replacement value”) from the original recipient by reason of a qualifying receipt, and
 - (c) [^{F1}the amount of] the replacement value is not less than the amount of the original value,
- paragraph 47 shall not, by reason of the receipt of the original value, have effect to reduce or withdraw the investment relief.
- (2) For the purposes of this paragraph and paragraph 55—
- “the original recipient” means the person who receives the original value; and
 - “the original supplier” means the person from whom that value was received.
- [^{F2}(2A) Where the amount of the original value is, by virtue of paragraph 51, treated as reduced for the purposes of paragraph 47, the reference in sub-paragraph (1)(c) to the amount of the original value shall be read as a reference to the amount of that value disregarding the reduction.]
- (3) A receipt of the replacement value is a qualifying receipt for the purposes of sub-paragraph (1) if it arises—
- [^{F3}(a) by reason of the original recipient doing one or more of the following—
 - (i) making a payment to the original supplier other than an excepted payment;
 - (ii) acquiring any asset from the original supplier for a consideration the amount or value of which is more than the market value of the asset;
 - (iii) disposing of any asset to the original supplier for no consideration or for a consideration the amount or value of which is less than the market value of the asset; or
 - (b) where the receipt of the original value was within paragraph 49(1)(d), by reason of an event the effect of which is to reverse the event which constituted the receipt of the original value.]
- [^{F4}(3A) For the purposes of sub-paragraph (3)(a)(i), the following are excepted payments—
- (a) any payment for any goods, services or facilities, provided (whether in the course of a trade or otherwise) by—
 - (i) the original supplier, or
 - (ii) any other person who, at any time in the period of restriction relating to the relevant shares, is an associate of, or connected with, that supplier (whether or not he is such an associate, or so connected, at the material time),which is reasonable in relation to the market value of those goods, services or facilities;
 - (b) any payment of any interest which represents no more than a reasonable commercial return on money lent to—
 - (i) the original recipient, or
 - (ii) any other person who, at any time in the period of restriction relating to the relevant shares, is an associate of, or connected with, that recipient (whether or not he is such an associate, or so connected, at the material time);
 - (c) any payment, as rent for any property occupied by—
 - (i) that recipient, or

Status: Point in time view as at 19/07/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Part VI. (See end of Document for details)

- (ii) any person who, at any time in the period of restriction relating to the relevant shares, is an associate of, or connected with, that recipient (whether or not he is such an associate, or so connected, at the material time),
- of an amount not exceeding a reasonable and commercial rent for the property;
- (d) any payment within paragraph (c), (d) or (f) of the definition of “qualifying payment” in paragraph 49(5); and
- (e) any payment for shares in or securities of any company in circumstances that do not fall within sub-paragraph (3)(a)(ii).]
- [^{F5}(4) For the purposes of this paragraph, the amount of the replacement value is—
- (a) in a case within paragraph (a) of sub-paragraph (3), the aggregate of—
- (i) the amount of any payment within sub-paragraph (i) of that paragraph, and
- (ii) the difference between the market value of any asset to which sub-paragraph (ii) or (iii) of that paragraph applies and the amount or value of the consideration (if any) received for it, and
- (b) in a case within sub-paragraph (3)(b), the amount of the original value, and paragraph 50 shall apply for the purposes of determining the amount of the original value.]

Textual Amendments

- F1** Words in Sch. 15 para. 54(1)(a) inserted (*retrospectively*) by 2001 c. 9, s.64, **Sch. 16 para. 6(1)(6)**
- F2** Sch. 15 para. 54(2A) inserted (11.5.2001 with effect as mentioned in **Sch. 16 para. 6(7)** of the amending Act) by 2001 c. 9, s. 64, **Sch. 16 para. 6(2)(7)**
- F3** Sch. 15 para. 54(3)(a)(b) substituted (11.5.2001 with effect as mentioned in **Sch. 16 para. 6(7)** of the amending Act) for Sch. 15 para. 54(3)(a)-(c) by 2001 c. 9, s. 64, **Sch. 16 paras. 6(3)(7)**
- F4** Sch. 15 para. 54(3A) inserted (11.5.2001 with effect as mentioned in **Sch. 16 para. 6(7)** of the amending Act) by 2001 c. 9, s. 64, **Sch. 16 para. 6(4)(7)**
- F5** Sch. 15 para. 54(4) substituted (11.5.2001 with effect as mentioned in **Sch. 16 para. 6(7)** of the amending Act) by 2001 c. 9, s. 64, **Sch. 16 para. 6(5)(7)**

Provision supplementary to paragraph 54

- 55 (1) The receipt of the replacement value shall be disregarded for the purposes of sub-paragraph (1) of paragraph 54 to the extent to which it has previously been set (under that paragraph) against a receipt of value to prevent any reduction or withdrawal of investment relief under paragraph 47.
- (2) The receipt of the replacement value by the original supplier (“the event”) shall be disregarded for the purposes of paragraph 54(1) if—
- (a) the event occurs before the start of the period of restriction relating to the relevant shares,
- (b) there was an unreasonable delay in the event occurring, or
- (c) where an appeal has been brought by the investing company against an assessment to withdraw or reduce any investment relief attributable to the relevant shares by reason of the receipt of the original value, the event occurs

Status: Point in time view as at 19/07/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Part VI. (See end of Document for details)

more than 60 days after the amount of relief which falls to be withdrawn has been finally determined.

But nothing in paragraph 54 or this paragraph requires the replacement value to be received after the original value.

- (3) Sub-paragraph (4) applies where—
- (a) the receipt of the replacement value is a qualifying receipt for the purposes of paragraph 54(1) (receipt of replacement value which prevents loss of investment relief), and
 - (b) the event which gives rise to the receipt is (or includes) a subscription for shares by—
 - (i) the investing company, or
 - (ii) any person who at any time in the period of restriction relating to the relevant shares is connected with the investing company, whether or not he is connected at the material time.
- (4) Where this sub-paragraph applies the person who subscribes for the shares shall not—
- (a) be eligible for—
 - (i) any investment relief, or
 - (ii) any relief under Chapter III of Part VII of the Taxes Act 1988 [^{F6}or Part 5 of ITA 2007] (EIS income tax relief),in relation to those shares or any other shares in the same issue; or
 - (b) by virtue of his subscription for those shares or any other shares in the same issue, be treated as making a qualifying investment for the purposes of Schedule 5B to the 1992 Act (EIS: deferral relief).

[^{F7}(5) In this paragraph “the original value” and “the replacement value” shall be construed in accordance with paragraph 54.]

Textual Amendments

- F6** Words in Sch. 15 para. 55(4) inserted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 394\(3\)](#) (with [Sch. 2](#))
- F7** Sch. 15 para. 55(5) inserted (*retrospectively*) by [2001 c. 9](#), s. 64, [Sch. 16 para. 7](#)

Value received by other persons

- 56 (1) Where any investment relief is attributable to such of the relevant shares as are held by the investing company, sub-paragraph (2) shall apply if at any time in the period of restriction relating to the relevant shares the issuing company or any subsidiary—
- (a) repays, redeems or repurchases any of its share capital which belongs to any member other than—
 - (i) the investing company, or
 - (ii) a person who falls within sub-paragraph (3), or
 - (b) makes any payment to any such member for giving up his right to any of the share capital of the company or subsidiary on its cancellation or extinguishment.
- (2) The investment relief—

Status: Point in time view as at 19/07/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Part VI. (See end of Document for details)

- (a) if it is greater than the amount mentioned in sub-paragraph (4), shall be reduced by that amount, and
- (b) in any other case, must be withdrawn.
- (3) A person falls within this sub-paragraph if the repayment, redemption, repurchase or payment in question—
- (a) causes any investment relief attributable to that person’s shares in the issuing company to be withdrawn or reduced by virtue of—
- (i) paragraph 46 (disposal of shares), or
- (ii) paragraph 49(1)(a) (receipt of value by virtue of repayment of share capital etc.);
- (b) causes any relief under Chapter III of Part VII of the Taxes Act 1988 [^{F8}or Part 5 of ITA 2007] (EIS income tax relief) attributable to that person’s shares in the issuing company to be withdrawn or reduced by virtue of—
- (i) [^{F9}section 299 of the Taxes Act 1988 or section 209 of ITA 2007] (disposal of shares), or
- (ii) [^{F10}section 300(2)(a) of the Taxes Act 1988 or section 216(2)(a) of ITA 2007] (receipt of value by virtue of repayment of share capital etc.);
- or
- (c) gives rise to a qualifying chargeable event (within the meaning of paragraph 14(4) of Schedule 5B to the 1992 Act (EIS: deferral relief)) in respect of that person. [^{F11} or it would have the effect mentioned in paragraph (a), (b) or (c) were it not a receipt of insignificant value for the purposes of paragraph 47 (value received by the investing company), section 300 of the Taxes Act 1988 [^{F12}, section 214 of ITA 2007] or paragraph 13 of Schedule 5B to the 1992 Act, as the case may be].
- (4) The amount referred to in sub-paragraph (2) is an amount equal to 20%—
- (a) where sub-paragraph (1) does not apply in the case of any other company holding shares in the issuing company, of the amount received by the member, and
- (b) where sub-paragraph (1) also applies in the case of one or more such other companies, of the appropriate fraction of that amount.
- (5) For the purposes of sub-paragraph (4) “the appropriate fraction” is—

$$\frac{A}{B}$$

Where—

A is the amount subscribed by the investing company for such of the relevant shares as are shares to which investment relief is or, but for sub-paragraph (2)(b), would be attributable, and

B is the aggregate of that amount and the amount or amounts subscribed by the other company or companies for such shares which are comprised in the same issue of shares.

Status: Point in time view as at 19/07/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Part VI. (See end of Document for details)

- (6) Where—
- (a) the amount of the reduction (“C”) in the investing company’s liability to corporation tax obtained under paragraph 39 (form of investment relief) in respect of the relevant shares, is less than
 - (b) the amount (“D”) which is equal to 20% of the amount subscribed by the investing company for those shares,
- sub-paragraph (4) has effect as if the amount received by the member, or (as the case may be) the appropriate fraction of that amount, were reduced by multiplying it by the fraction—

$$\frac{C}{D}$$

- (7) Where the amount of investment relief attributable to the relevant shares has been reduced before the relief was obtained, the amount of the corporation tax reduction obtained in respect of those shares shall be deemed for the purposes of sub-paragraph (6) to be the amount of the corporation tax reduction that would have been obtained had no such reduction of investment relief been made before the relief was obtained.
- (8) Sub-paragraph (7) does not apply to a reduction by virtue of paragraph 45(4) (attribution of investment relief where there is a corresponding issue of bonus shares).

Textual Amendments

- F8** Words in Sch. 15 para. 56(3) inserted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 394\(4\)\(a\)](#) (with [Sch. 2](#))
- F9** Words in Sch. 15 para. 56(3) substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 394\(4\)\(b\)](#) (with [Sch. 2](#))
- F10** Words in Sch. 15 para. 56(3) substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 394\(4\)\(c\)](#) (with [Sch. 2](#))
- F11** Words in Sch. 15 para. 56(3)(c) inserted (11.5.2001 with effect as mentioned in [Sch. 16 para. 9\(2\)](#) of the amending Act) by [2001 c. 9](#), s. 64, [Sch. 16 para. 8](#)
- F12** Words in Sch. 15 para. 56(3) inserted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 394\(4\)\(d\)](#) (with [Sch. 2](#))

Insignificant repayments disregarded

- 57 (1) Any repayment shall be disregarded for the purposes of paragraph 56(1) (repayments etc. which cause withdrawal of investment relief) if whichever is the greater of—
- (a) the market value of the shares to which it relates (“the target shares”) immediately before the event occurs, and
 - (b) the amount received by the member in question,
- is insignificant in relation to the market value of the remaining [^{F13}issued] share capital of the issuing company (or, as the case may be, subsidiary) immediately after the event occurs.

This is subject to sub-paragraph (4).

Status: Point in time view as at 19/07/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Part VI. (See end of Document for details)

- (2) For the purposes of this paragraph “repayment” means a repayment, redemption, repurchase or payment mentioned in paragraph 56(1) (repayments etc. which cause withdrawal of investment relief).
- (3) For the purposes of sub-paragraph (1) it shall be assumed that the target shares are cancelled at the time the [F14 repayment] is made.
- (4) Sub-paragraph (1) does not apply if, at a relevant time, arrangements are in existence that provide—
- (a) for a repayment by the issuing company or any subsidiary of that company (whether or not it is such a subsidiary at the time the arrangements are made), or
 - (b) for anyone to be entitled to such a repayment,
- at any time in the period of restriction relating to the shares.
- (5) For the purposes of sub-paragraph (4) “a relevant time” means any time in the period—
- (a) beginning one year before the relevant shares are issued, and
 - (b) expiring at the end of the issue date.

Textual Amendments

- F13** Word in Sch. 15 para. 57(1) inserted (11.5.2001 with effect as mentioned in Sch. 15 para. 9(3) of the amending Act) by 2001 c. 9, s. 64, Sch. 16 Pt. 2 para. 9(1)(3)
- F14** Word in Sch. 15 para. 57(3) substituted (*retrospectively*) by 2001 c. 9, s. 64, Sch. 16 Pt. 2 para. 9(2)(4)

Provision supplementary to paragraph 56 and 57

- 58 (1) Any repayment shall be disregarded for the purposes of paragraph 56(1) (repayments etc. which cause withdrawal of investment relief) to the extent to which investment relief attributable to any shares has already been reduced or withdrawn on its account.
- (2) In any case where—
- (a) investment relief is attributable to such of the relevant shares as are held by the investing company;
 - (b) the issuing company has made one or more other issues of shares each of which includes shares (“designated shares”) to which investment relief is attributable, and
 - (c) the repayment falls—
 - (i) within the period of restriction relating to the relevant shares, and
 - (ii) within one or more of the equivalent periods relating to any of the designated shares,

paragraph 56(4) shall have effect in relation to each of the issues of shares as if the amount received by the member, or (as the case may be) the appropriate fraction of that amount, were reduced by multiplying it by the relevant fraction.
- (3) For the purposes of sub-paragraph (2) “the equivalent period”, in relation to any designated shares, means the period—
- (a) beginning one year before the shares are issued, and

Status: Point in time view as at 19/07/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Part VI. (See end of Document for details)

- (b) ending at the end of the qualification period relating to the shares.

For the purposes of determining the qualification period relating to any designated shares, the references in paragraph 3 to the relevant shares shall be read as references to those designated shares.

- (4) In sub-paragraph (2)—

- (a) “the appropriate fraction” has the meaning given by paragraph 56(5), and
(b) “the relevant fraction” means—

$$\frac{E}{F}$$

Where—

E is the amount subscribed by companies for shares which are included in the issue in question and to which investment relief is or, but for paragraph 56(2)(b), would be attributable; and

F is the aggregate of that amount and the corresponding amount or amounts for the other issue or issues.

- (5) Where—

- (a) a company issues share capital of nominal value equal to the authorised minimum (within the meaning of the ^{M1}Companies Act 1985) for the purposes of complying with the requirements of section 117 of that Act (public company not to do business unless requirements as to share capital complied with), and
(b) the registrar of companies issues the company with a certificate under section 117,

paragraph 56(1) shall not apply in relation to any redemption of those shares within 12 months of the date on which they were issued.

- (6) In relation to companies incorporated under the law of Northern Ireland references in sub-paragraph (5) to the ^{M2}Companies Act 1985 and to section 117 of that Act shall have effect as references to the ^{M3}Companies (Northern Ireland) Order 1986 and to Article 127 of that Order.

- (7) References in paragraphs 56 and 57 and this paragraph to a subsidiary of the issuing company are references to any company which at any time in the period of restriction relating to the relevant shares is a 51% subsidiary of the issuing company whether or not it is such a subsidiary at the time of the repayment in question.

- (8) For the purposes of this paragraph “repayment” has the meaning given in paragraph 57(2).

Marginal Citations

- M1** 1985 c. 6.
M2 1985 c. 6.
M3 S.I. 1986/1032 (N.I.6).

Status: Point in time view as at 19/07/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Part VI. (See end of Document for details)

Put options and call options

- 59 (1) Sub-paragraph (2) applies where—
- (a) an option, the exercise of which would bind the grantor to purchase any of the relevant shares, is granted to the investing company during the qualification period relating to those shares; or
 - (b) an option, the exercise of which would bind the investing company to sell such shares, is granted by the investing company during that period.
- (2) Any investment relief attributable to the shares to which the option relates must be withdrawn.
- (3) The shares to which the option relates are those which, if—
- (a) the option were exercised immediately after the grant, and
 - (b) any shares in the issuing company acquired by the investing company after the grant were disposed of immediately after being acquired,
- would be treated for the purposes of this Schedule as disposed of in pursuance of the option.
- (4) Nothing in this paragraph prejudices the operation of paragraph 37 (pre-arranged exits).

Withdrawal of relief

- 60 (1) Where any investment relief has been obtained which—
- (a) is subsequently found not to have been due, or
 - (b) falls to be withdrawn under this Part,
- it shall be withdrawn by making an assessment to corporation tax under Case VI of Schedule D for the accounting period for which the relief was obtained.
- (2) Investment relief obtained by the investing company in respect of the relevant shares may not be withdrawn on the ground—
- (a) that the issuing company is not a qualifying issuing company in relation to those shares,
 - (b) that the requirements of Part IV of this Schedule are not met in respect of the shares,
 - (c) by virtue of paragraph 47 (value received by investing company), or
 - (d) by virtue of paragraph 56 (value received by other persons),
- unless sub-paragraph (3) is satisfied.
- (3) This sub-paragraph is satisfied if—
- (a) either—
 - (i) the issuing company has given notice under paragraph 65 (information to be provided by issuing company etc.) in relation to those shares, or
 - (ii) the Inland Revenue have given notice to that company stating that, by reason of the ground in question, the whole or any part of the investment relief obtained by any company or companies in respect of shares included in the relevant issue of shares was not in their opinion due,
- and

Status: Point in time view as at 19/07/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Part VI. (See end of Document for details)

- (b) in the case of a withdrawal within sub-paragraph (2)(c) or (d), the Inland Revenue have given notice to the investing company stating the matters mentioned in paragraph (a)(ii) above.
- (4) In this paragraph—
- (a) references to the withdrawal of investment relief include its reduction; and
- (b) “the relevant issue of shares” means the issue of shares in the issuing company which includes the relevant shares.

Appeals against withdrawal of relief

- 61 For the purposes of the provisions of the ^{M4}Taxes Management Act 1970 relating to appeals, the giving of notice by the Inland Revenue under paragraph 60(3)(a)(ii) shall be taken to be a decision disallowing a claim by the issuing company which is not a claim for discharge or repayment of tax.

Marginal Citations

M4 1970 c. 9.

Time limits

- 62 (1) The Inland Revenue may not—
- (a) make an assessment for withdrawing or reducing the investment relief attributable to any of the relevant shares, or
- (b) give a notice under paragraph 60(3)(a)(ii) or (b),
- more than six years after the end of the relevant accounting period.
- (2) In sub-paragraph (1) “the relevant accounting period” means—
- (a) the accounting period in which the time mentioned in paragraph 36(1) (time limit for employing money raised) falls, or
- (b) the accounting period in which the event which causes the investment relief to be withdrawn or reduced occurs,
- whichever is later.
- (3) This paragraph is subject to sub-paragraphs (2) and (3) of paragraph 46 of Schedule 18 to the ^{M5}Finance Act 1998 (fraud or negligence).
- Those sub-paragraphs shall apply in relation to any notice under paragraph 60(3)(a)(ii) or (b) as if it were an assessment relating to the accounting period to which any assessment made by virtue of the notice would relate.

Marginal Citations

M5 1998 c. 36.

Interest

- 63 (1) This paragraph applies where—
- (a) investment relief is withdrawn or reduced by virtue of—

Status: Point in time view as at 19/07/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Part VI. (See end of Document for details)

- (i) a failure to meet any of the requirements of paragraphs 5 to 10 or of Part III of this Schedule (requirements to be met in relation to investing company or issuing company);
 - [^{F15}(ia) paragraph 35A (maximum amount raised annually through risk capital schemes);]
 - (ii) paragraph 46 (disposal of shares);
 - (iii) paragraph 47 (value received by investing company);
 - (iv) paragraph 56 (value received by other persons); or
 - (v) paragraph 59 (put options and call options);
 - (b) as a result, an assessment to corporation tax is made by virtue of paragraph 60; and
 - (c) the relevant event occurs after the date when the tax assessed became due and payable or, if there is more than one such date, the latest of them.
- (2) Section 87A of the ^{M6}Taxes Management Act 1970 (interest on overdue corporation tax etc.) has effect in relation to the tax assessed as if it became due and payable on the date the relevant event occurred.
- (3) In this paragraph references to “the relevant event” are to the event by virtue of which the relief is withdrawn or reduced as mentioned in sub-paragraph (1)(a).

Textual Amendments

F15 Sch. 15 para. 63(1)(a)(ia) inserted (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 16 para. 4\(4\)](#)

Marginal Citations

M6 1970 c. 9.

Information to be provided by the investing company

- 64 (1) This paragraph applies where—
- (a) the investing company has obtained investment relief in respect of the relevant shares, and
 - (b) an event occurs by reason of which—
 - (i) the company is not a qualifying investing company in relation to those shares,
 - (ii) the investment relief falls to be withdrawn or reduced by virtue of paragraph 47 (receipt of value by investing company), or
 - (iii) the investment relief falls to be withdrawn or reduced by virtue of paragraph 59 (put options and call options).
- (2) Where this paragraph applies the investing company must give the Inland Revenue a notice containing particulars of the event.
- (3) Where the investing company—
- (a) is required under this paragraph to give notice of a receipt of value (within paragraph 49(1)), and
 - (b) has knowledge of any replacement value received (or expected to be received) from the original recipient by the original supplier by reason of a qualifying receipt,

Status: Point in time view as at 19/07/2007.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2000, Part VI. (See end of Document for details)

the notice shall include particulars of that receipt of replacement value (or expected receipt).

In this paragraph “replacement value”, “original recipient”, “original supplier” and “qualifying receipt” shall be construed in accordance with paragraph 54.

- (4) Subject to sub-paragraph (5), any notice required to be given by the company under sub-paragraph (2) must be given—
- (a) within 60 days after the event, or
 - (b) where the event is the receipt of value by a person connected with the company (see paragraph 53), within 60 days after the company’s coming to know of the event.
- (5) In a case within sub-paragraph (1)(b)(ii), where the event occurred before the issue of the relevant shares, any notice required to be given by the investing company under sub-paragraph (2) must be given—
- (a) within 60 days after the issue of the shares, or
 - (b) where—
 - (i) the event is the receipt of value by a person connected with the company (see paragraph 53), and
 - (ii) the company comes to know of the event on or after the issue of the shares,within 60 days after the company’s coming to know of the event.

Information to be provided by the issuing company etc.

- 65 (1) This paragraph applies where—
- (a) the issuing company has provided the Inland Revenue with a compliance statement in respect of an issue of shares, and
 - (b) an event occurs by reason of which—
 - (i) the issuing company is not a qualifying issuing company in relation to any of the shares included in that issue, or would not be such a company if investment relief had been obtained in respect of the shares in question,
 - (ii) the requirements of Part IV of this Schedule are not met in respect of any of the shares included in that issue, or would not be met if investment relief had been obtained in respect of the shares in question, or
 - (iii) paragraph 47 (value received by investing company) or 56 (value received by other persons) has effect to cause any investment relief attributable to any of the shares included in that issue to be withdrawn or reduced, or would have such an effect if investment relief had been obtained in respect of the shares in question.
- (2) Where this paragraph applies—
- (a) the company, and
 - (b) any person connected with the company who has knowledge of the matters mentioned in sub-paragraph (1),
- must give the Inland Revenue a notice containing particulars of the event.

Status: Point in time view as at 19/07/2007.

*Changes to legislation: There are currently no known outstanding effects
for the Finance Act 2000, Part VI. (See end of Document for details)*

- (3) Sub-paragraph (3) of paragraph 64 shall apply in relation to a person required to give notice under this paragraph of a receipt of value within paragraph 49(1) as it applies to a company required to give such a notice under paragraph 64.
- (4) Subject to sub-paragraph (6) any notice required to be given by a company under sub-paragraph (2)(a) must be given—
- (a) within 60 days after the event, or
 - (b) where the event is—
 - (i) a failure by the company to meet the requirement of paragraph 18 (the “individual-owners requirement”) in respect of any of those shares; or
 - (ii) a receipt of value within paragraph 49(1) from a person connected with the company (see paragraph 53),

within 60 days after the company’s coming to know of the event.
- (5) Subject to sub-paragraph (6) any notice required to be given by a person within sub-paragraph (2)(b) must be given within 60 days after the person’s coming to know of the event.
- (6) In a case within sub-paragraph (1)(b)(iii), any notice required to be given by a person under sub-paragraph (2) must be given within 60 days after the issue of the shares if—
- (a) the event occurred, and
 - (b) the person came to know of it,
- before those shares were issued.

Power of Inland Revenue to obtain information

- 66 (1) This paragraph applies where the Inland Revenue have reason to believe that a company or other person—
- (a) has not given a notice which it is required to give under paragraph 64 or 65 in respect of any event, or
 - (b) has given or received value (within the meaning of paragraph 49(1)) which, but for the fact that the amount given or received was an amount of insignificant value, would have triggered a requirement to give such a notice.
- (2) The Inland Revenue may by notice require the person concerned to furnish them, within such time as the Inland Revenue may direct (not being less than 60 days), with such information relating to the event as the Inland Revenue may reasonably require for the purposes of this Schedule.
- (3) In sub-paragraph (1)(b) the reference to an amount of insignificant value shall be construed in accordance with paragraph 47(7)(b).

Status:

Point in time view as at 19/07/2007.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2000, Part VI.