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*Status: Point in time view as at 28/07/2000.*

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

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## SCHEDULES

### SCHEDULE 15

#### THE CORPORATE VENTURING SCHEME

#### PART VII

#### RELIEF FOR LOSSES ON DISPOSALS OF SHARES

##### *Eligibility for relief against income*

- 67 (1) The investing company is eligible for relief under this Part (“loss relief”) if—
- (a) it incurs an allowable loss on the disposal of shares to which investment relief is attributable (and not withdrawn in full as a result of the disposal), and
  - (b) the requirements of sub-paragraphs (2) and (3) are met.
- (2) The first requirement is that the shares must have been held continuously by the investing company from the time they were issued until the disposal.
- (3) The second requirement is that the disposal on which the loss is incurred must be a disposal of the kind described in paragraph (a), (b), (c) or (d) of paragraph 46(2).

##### *Entitlement to claim*

- 68 (1) Where the investing company is eligible for loss relief it may make a claim requiring that the loss be set off for the purposes of corporation tax against income—
- (a) of the accounting period in which the loss is incurred, and
  - (b) if the claim so requires, of accounting periods ending within the preceding 12 month period.
- (2) A claim under sub-paragraph (1) must be made within two years after the end of the accounting period in which the loss is incurred.
- (3) In this paragraph “the preceding 12 month period” means the 12 months ending immediately before the accounting period in which the loss is incurred.

##### *Form of loss relief*

- 69 (1) Where a claim is made under sub-paragraph (1) of paragraph 68, the income of any of the accounting periods mentioned in that sub-paragraph shall then be treated as reduced by the amount of the loss or by so much of it as cannot be relieved under this sub-paragraph against income of a later accounting period.

This is subject to loss relief first being obtained for any earlier loss.

- (2) The amount of the reduction which may be made under this paragraph in the income of an accounting period beginning before the preceding 12 month period (within the

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meaning of paragraph 68(3)) shall not exceed a part of that income proportionate to the part of the accounting period falling within that period.

*Priority of loss relief*

- 70 (1) Where loss relief is claimed by the investing company it must be claimed—
- (a) in priority to any relief claimed by that company under section 573 of the Taxes Act 1988 (relief for loss on disposal of shares in certain trading companies by investment companies), and
  - (b) before any deduction is made for charges on income or other amounts which can be deducted from or set against or treated as reducing profits of any description.
- (2) Where loss relief is obtained for an amount of a loss no deduction shall be made in respect of that amount—
- (a) by virtue of section 573(2) of the Taxes Act 1988 (relief for loss on disposal of shares in certain trading companies by investment companies), or
  - (b) for the purposes of corporation tax on chargeable gains.

*Tax avoidance*

- 71 (1) Sub-paragraph (2) applies where shares would, in the absence of paragraph 82 (which disapplies sections 135 and 136 of the 1992 Act in respect of shares to which investment relief is attributable), be the subject of an exchange or arrangement which—
- (a) is of the kind mentioned in section 135 or 136 of the 1992 Act (company reconstructions etc.), and
  - (b) would involve a disposal of shares, by reason of—
    - (i) section 137(1) of that Act (schemes with tax avoidance purpose), or
    - (ii) paragraph 96(2)(b) (company treated as disposing of shares in the case of certain reconstructions and amalgamations involving tax avoidance).
- (2) Where this sub-paragraph applies no loss relief may be obtained in respect of any allowable loss incurred on the disposal.
- (3) Where a claim is made under this Part in respect of a loss accruing on the disposal of shares, section 30 of the 1992 Act (value-shifting) shall have effect in relation to the disposal as if for the references in subsections (1)(b) and (5) of that section to a tax-free benefit there were substituted references to any benefit whether tax-free or not.

*Adjustment of corporation tax*

- 72 The Inland Revenue shall make any adjustment of corporation tax required as a result of—
- (a) loss relief being obtained in respect of an allowable loss, or
  - (b) loss relief not being obtained for the whole or part of a loss in respect of which a claim is made under this Part,
- whether by way of assessment, discharge or repayment of tax.

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