

*Status: Point in time view as at 19/07/2011.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2004, SCHEDULE 20. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 20

Section 95

#### CORPORATE VENTURING SCHEME

1 Schedule 15 to the Finance Act 2000 (c. 17) (the corporate venturing scheme) is amended as follows.

2 In paragraph 3 (meaning of “the qualification period”)—

(a) in sub-paragraph (1)(b)(ii), and

(b) in sub-paragraph (2)(a) and (b),

for “qualifying subsidiaries” substitute “qualifying 90% subsidiaries”.

3 In paragraph 15 (introduction) after paragraph (e) insert—

“(ea) property managing subsidiaries (see paragraph 21A);”.

4 In paragraph 20 (the qualifying subsidiaries requirement) for sub-paragraph (2) substitute—

“(2) In this paragraph “subsidiary” means any company which the company controls, either on its own or together with any person connected with it.

(3) For the purpose of sub-paragraph (2), the question whether a person controls a company shall be determined in accordance with section 416(2) to (6) of the Taxes Act 1988.”.

5 (1) Paragraph 21 (meaning of “qualifying subsidiary”) is amended as follows.

(2) In sub-paragraph (2)—

(a) omit paragraphs (a) to (c),

(b) before paragraph (d) insert—

“(ca) the subsidiary is a 51% subsidiary of the relevant company;”,

(c) in paragraph (e) for “the conditions in paragraphs (a) to” substitute “either of the conditions in paragraphs (ca) and”.

(3) In sub-paragraph (4)(a)(ii), after “company” insert “concerned”.

(4) In sub-paragraph (5)—

(a) after “qualifying subsidiary” insert “of the relevant company”.

(b) for “and not part” substitute “and is not to be part”.

6 After paragraph 21 insert—

#### *“The property managing subsidiaries requirement*

21A(1) The issuing company is not a qualifying issuing company in relation to the relevant shares if, at any time during the qualification period relating to those shares, it has a property managing subsidiary which is not a qualifying 90% subsidiary of the issuing company (see paragraph 23(10) and (11)).

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(2) “Property managing subsidiary” means a qualifying subsidiary of the issuing company whose business consists wholly or mainly in the holding or managing of land or any property deriving its value from land.

(3) In sub-paragraph (2), “land” and “property deriving its value from land” have the same meaning as in section 776 of the Taxes Act 1988.”.

7 In paragraph 23 (the trading activities requirement)—

(a) in sub-paragraph (3)(b), for “at least one group company” substitute “ the issuing company or a qualifying 90% subsidiary of the issuing company ”,

(b) in sub-paragraph (5)—

(i) for “a subsidiary” substitute “ a qualifying 90% subsidiary of the issuing company ”,

(ii) for “or subsidiary” substitute “ or a qualifying 90% subsidiary of the issuing company ”,

(c) in sub-paragraph (6), for “the company”, in the first place, substitute “ a company ”,

<sup>F1</sup>(d) .....

#### Textual Amendments

**F1** Sch. 20 para. 7(d) repealed (19.7.2007 with effect in accordance with Sch. 16 to the amending Act) by Finance Act 2007 (c. 11), **Sch. 27 Pt. 2(16)**

8 In paragraph 24 (ceasing to meet trading requirements by reason of administration, receivership etc)—

(a) in sub-paragraph (1)—

(i) omit “which is in administration or receivership”,

(ii) after “by reason” insert “ only ”,

(b) in sub-paragraph (2)(b), after “company” insert “ concerned ”,

(c) in sub-paragraph (4)—

(i) in paragraph (a), for “of the company or any of its subsidiaries” substitute “ only of the company or any of its qualifying subsidiaries ”,

(ii) in paragraph (b), for “and not” substitute “ and is not ”.

9 In paragraph 25 (meaning of “qualifying trade”) in sub-paragraph (3)(b), for “any other group company” substitute “ the issuing company or any of its qualifying 90% subsidiaries ”.

10 In paragraph 35 (requirement as to the shares) in sub-paragraph (2), for “the issuing company at a future date” substitute “ any person at a future date in respect of the acquisition of the shares ”.

11 In paragraph 36 (requirement as to money raised)—

(a) in sub-paragraph (1B)(b)—

(i) for “relevant trade was not being carried on” substitute “ issuing company or a qualifying 90% subsidiary of that company had not begun to carry on the relevant trade ”,

(ii) for “subsidiary” substitute “ qualifying 90% subsidiary of that company ”,

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- (b) in sub-paragraphs (4)(b)(ii) and (5)(b), for “qualifying subsidiary” substitute “qualifying 90% subsidiary”.
- 12 In paragraph 40 (entitlement to claim)—
- (a) in sub-paragraph (2), for paragraph (a) substitute—
- “ (a) the funded trade has been carried on for four months by no person other than the issuing company or a qualifying 90% subsidiary of that company, disregarding—
- (i) any time spent preparing to carry on that trade, and
- (ii) any person required to be disregarded in accordance with sub-paragraph (2A) or (2B), and”
- (b) after sub-paragraph (2) insert—
- “(2A) At any time when the funded trade is carried on by the partners in a partnership of which the issuing company, or a qualifying 90% subsidiary of that company, is a member, there shall be disregarded for the purposes of sub-paragraph (2)(a) any other members of the partnership at that time.
- (2B) At any time when the funded trade is carried on by the parties to a joint venture to which the issuing company, or a qualifying 90% subsidiary of that company, is a party, there shall be disregarded for the purposes of sub-paragraph (2)(a) any other parties to the joint venture at that time.”
- (c) for sub-paragraph (5)(a) substitute—
- “(a) by reason only of the issuing company or any other company being wound up or dissolved without winding up, the funded trade is carried on as mentioned in sub-paragraph (2)(a) for a period shorter than four months, and”
- (d) in sub-paragraph (5)(b), for “was”, in each place, substitute “is”
- (e) for sub-paragraph (6)(a) substitute—
- “(a) by reason only of anything done as a consequence of the issuing company or any other company being in administration or receivership, the funded trade is carried on as mentioned in sub-paragraph (2)(a) for a period shorter than four months, and”
- (f) in sub-paragraph (6)(b), after “company” insert “concerned”.
- 13 In paragraph 102 (minor definitions etc) after sub-paragraph (7) insert—
- “(8) In determining for the purposes of paragraph 3(2), 23(5) or 36(1B) when a trade is begun to be carried on by a qualifying 90% subsidiary of the issuing company there shall be disregarded any carrying on of the trade by it before it became such a subsidiary.”
- 14 In paragraph 103 (index of defined expressions), after the entry for “qualifying subsidiary” insert—

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“qualifying 90% subsidiary

paragraph 23(10) and (11)”.

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- 15      The amendments made by this Schedule have effect in relation to shares issued on or after 17th March 2004.

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