Income Tax Act 2007

2007 CHAPTER 3

PART 6

VENTURE CAPITAL TRUSTS

CHAPTER 1

INTRODUCTION

258 Overview of Part

In this Part—

(a) Chapter 2 provides for VCT income tax relief ("VCT relief"), that is, entitlement to tax reductions in respect of amounts subscribed by individuals for shares issued to them by venture capital trusts,

(b) Chapter 3 provides for VCT approvals,

(c) Chapter 4 makes provision as to the meaning of "qualifying holding" for the purposes of Chapter 3,

(d) Chapter 5 confers power for regulations to make provision in relation to the winding up and merger of venture capital trusts, and

(e) Chapter 6 makes supplementary and general provision.

259 Venture capital trusts and VCT approvals

(1) In this Part "venture capital trust" means a company which—

(a) is not a close company, and

(b) is for the time being approved for the purposes of this Part by the Commissioners for Her Majesty's Revenue and Customs (see Chapter 3),

and "VCT" means a venture capital trust.

(2) In this Part "VCT approval" means an approval of a company for the purposes of this Part.

260 Other tax reliefs relating to VCTs

(1) Chapter 5 of Part 6 of ITTOIA 2005 (venture capital trust dividends) provides that, if conditions are met, no liability to income tax arises in respect of dividends paid in respect of shares in a VCT.

(2) Section 100 of TCGA 1992 (exemption for venture capital trusts etc) provides that gains accruing to a VCT are not to be chargeable gains.

(3) Section 151A of TCGA 1992 (venture capital trusts: reliefs) provides that a gain or loss accruing to an individual on a qualifying disposal of any ordinary shares in a company which—

(a) was a VCT at the time when the individual acquired the shares, and

(b) is still a VCT at the time of the disposal,

is not to be a chargeable gain or, as the case may be, an allowable loss.

(4) Schedule 5C to TCGA 1992 (venture capital trusts: deferred charge on re-investment, but only in relation to shares issued before 6 April 2004) provides that, if conditions are met, an individual's unused qualifying expenditure on shares in a VCT may be set against what would otherwise be chargeable gains.