



Income Tax Act 2007

2007 CHAPTER 3

PART 5

ENTERPRISE INVESTMENT SCHEME

CHAPTER 6

WITHDRAWAL OR REDUCTION OF EIS RELIEF

Repayments etc of share capital to other persons

224 Repayments etc of share capital to other persons

- (1) This section applies if any EIS relief is attributable to shares held by an individual and, at any time in period C, 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 individual, or
 - (ii) a person who falls within subsection (4), or
 - (b) makes any payment to any such member for giving up the member's right to any of the share capital of the company or subsidiary on its cancellation or extinguishment.
- (2) The EIS relief must—
- (a) if it is greater than the amount given by the formula set out below, be reduced by that amount, and
 - (b) in any other case, be withdrawn.

The formula is—^{F1}

$$R \times EISR$$

Status: Point in time view as at 19/07/2012. This version of this provision has been superseded.

Changes to legislation: There are currently no known outstanding effects for the Income Tax Act 2007, Section 224. (See end of Document for details)

where—

R is the amount received by the member, and

[^{F2}EISR is the [^{F3}EIS original rate].]

- (3) This section is subject to the following sections—
- (a) section 225 (insignificant repayments ignored for the purposes of this section),
 - (b) section 226 (amount of repayments etc where there is more than one issue of shares),
 - (c) section 227 (single issue affecting more than one individual),
 - (d) section 228 (single issue treated as made partly in previous tax year),
 - (e) section 229 (maximum relief not obtained for share issue),
 - (f) section 230 (repayment of authorised minimum within 12 months), and
 - (g) section 231 (restriction on withdrawal of relief).

Sections 226 to 229 are to be applied in the order in which they appear in this Part.

- (4) A person falls within this subsection if the repayment—
- (a) causes any EIS relief attributable to that person's shares in the issuing company to be withdrawn or reduced by virtue of—
 - (i) section 209 (disposal of shares), or
 - (ii) section 216(2)(a) (receipt of value by virtue of repayment of share capital etc),
 - (b) causes any investment relief under Schedule 15 to FA 2000 (the corporate venturing scheme) attributable to that person's shares in the issuing company to be withdrawn or reduced by virtue of—
 - (i) paragraph 46 of that Schedule (disposal of shares), or
 - (ii) paragraph 49(1)(a) of that Schedule (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 TCGA 1992 (EIS: deferral relief) in respect of that person's shares in the issuing company.
- (5) A repayment is treated as having the effect mentioned in subsection (4)(a), (b) or (c) if it would have that effect were it not a receipt of insignificant value for the purposes of whichever of the following is applicable—
- (a) section 213,
 - (b) paragraph 47 of Schedule 15 to FA 2000, and
 - (c) paragraph 13 of Schedule 5B to TCGA 1992.
- (6) A repayment is to be ignored, for the purposes of this section, to the extent to which EIS relief attributable to any shares has already been withdrawn or reduced on its account.
- (7) In this section and sections 225 to 231—
- (a) “repayment” means a repayment, redemption, repurchase or payment mentioned in subsection (1)(a) or (b), and
 - (b) references to a subsidiary of a company are references to a company which, at any time in period A relating to the shares in question, is a 51% subsidiary of the company, whether or not it is such a subsidiary at the time of the repayment.

Status: Point in time view as at 19/07/2012. This version of this provision has been superseded.

Changes to legislation: There are currently no known outstanding effects for the Income Tax Act 2007, Section 224. (See end of Document for details)

Textual Amendments

- F1** Formula in s. 224(2) amended (21.7.2008 with effect in accordance with Sch. 1 para. 65 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 1 para. 18(a)**
- F2** Words in s. 224(2) substituted (21.7.2008 with effect in accordance with Sch. 1 para. 65 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 1 para. 18(b)**
- F3** Words in s. 224(2) substituted (13.10.2011) (with effect in accordance with s. 42(7)(8) of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **s. 42(3)(e)(6)**; S.I. 2011/2459, art. 2

Status:

Point in time view as at 19/07/2012. This version of this provision has been superseded.

Changes to legislation:

There are currently no known outstanding effects for the Income Tax Act 2007, Section 224.