



Income Tax Act 2007

2007 CHAPTER 3

PART 5

ENTERPRISE INVESTMENT SCHEME

CHAPTER 8

SUPPLEMENTARY AND GENERAL

Acquisition of issuing company

247 Continuity of EIS relief where issuing company is acquired by new company

- (1) This section applies if—
- (a) a company (“the new company”) in which the only issued shares are subscriber shares acquires all the shares (“old shares”) in another company (“the old company”),
 - (b) the consideration for the old shares consists wholly of the issue of shares (“new shares”) in the new company,
 - (c) the consideration for the new shares of each description consists wholly of old shares of the corresponding description,
 - (d) new shares of each description are issued to the holders of old shares of the corresponding description in respect of and in proportion to their holdings,
 - (e) at some time before the issue of the new shares—
 - (i) the old company issued shares which meet the requirements of section 173(2), and
 - (ii) a compliance certificate in respect of those shares was issued by that company for the purposes of subsection (1) of section 203 and in accordance with section 204, and
 - (f) before the issue of the new shares the Commissioners for Her Majesty’s Revenue and Customs have, on the application of the new company or the

Status: This is the original version (as it was originally enacted).

old company, notified that company that they are satisfied that the exchange of shares—

- (i) will be effected for genuine commercial reasons, and
- (ii) will not form part of any such scheme or arrangements as are mentioned in section 137(1) of TCGA 1992 (schemes with avoidance purposes).

In this subsection references to shares, except in the expressions “subscriber shares” and “shares which meet the requirements of section 173(2)”, include securities.

- (2) Subsection (2) of section 138 of TCGA 1992 (procedure for advance clearance) applies for the purposes of subsection (1)(f) as it applies for the purposes of subsection (1) of that section.
- (3) For the purposes of this Part—
 - (a) the exchange of shares is not regarded as involving any disposal of the old shares or any acquisition of the new shares, and
 - (b) any EIS relief which is attributable to any old shares is attributable instead to the new shares for which they are exchanged.
- (4) Nothing in section 185 (the control and independence requirement) applies in relation to such an exchange of shares, or shares and securities, as is mentioned in subsection (1), or arrangements with a view to such an exchange.
- (5) For the purposes of this section old shares and new shares are of a corresponding description if, on the assumption that they were shares in the same company, they would be of the same class and carry the same rights.
- (6) References in sections 248 and 249 to “old shares”, “new shares”, “the old company” and “the new company” are to be read in accordance with this section.