



Income Tax Act 2007

2007 CHAPTER 3

PART 6

VENTURE CAPITAL TRUSTS

CHAPTER 2

VCT RELIEF

Entitlement to relief

[^{F1}264A Restricting relief where there is a linked sale

- (1) This section applies where—
 - (a) an individual subscribes for shares (“the relevant shares”) in a VCT (“the VCT”), and
 - (b) there is at least one linked sale of other shares by the individual.
- (2) For the purposes of this Part, the amount the individual subscribes for the shares is to be treated as reduced (but not below nil) by the total consideration given for the linked sales of other shares.

This is subject to subsection (3).

- (3) If a sale is linked in relation to more than one subscription for shares—
 - (a) the consideration for it is to be applied to reduce subscriptions under subsection (2) in the order in which the subscriptions are made, and
 - (b) accordingly, to the extent that any consideration has been used to reduce an earlier subscription, it is not available to reduce a later one.
- (4) A sale of shares (“the sold shares”) is “linked” if conditions A and B are met.
- (5) Condition A is that the sold shares are in—

Status: Point in time view as at 17/07/2014. This version of this provision has been superseded.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 264A. (See end of Document for details)

- (a) the VCT, or
 - (b) a company which is (or later becomes) a successor or predecessor of the VCT.
- (6) Condition B is that—
- (a) the individual subscribes for the relevant shares in circumstances where—
 - (i) the purchase of the sold shares from the individual was conditional upon the individual subscribing for shares in the VCT, or
 - (ii) the individual's subscription for shares in the VCT was conditional upon that purchase, or
 - (b) the subscription for the relevant shares and the sale of the sold shares are within 6 months of each other (irrespective of which came first).
- (7) A company (“company X”) is a “successor or predecessor of the VCT” if—
- (a) there is a merger of two or more companies for the purposes of Chapter 5 (see section 323) and—
 - (i) the VCT is one of the merged companies and company X is “the successor company” (as defined by that section), or
 - (ii) the VCT is “the successor company” and company X is one of the merged companies, or
 - (b) section 327 (effect of restructuring of VCT) applies and—
 - (i) the VCT is “the old company” and company X is “the new company” for the purposes of that section, or
 - (ii) company X is “the old company” and the VCT is “the new company” for those purposes.
- (8) This section does not apply if, or to the extent that, the subscription for the relevant shares is a result of the individual electing to reinvest dividends payable to the individual on shares in the VCT, in acquiring further shares in the VCT.]

Textual Amendments

F1 S. 264A inserted (with effect in accordance with Sch. 10 para. 2(2) of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 10 para. 2\(1\)](#)

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