



Income Tax Act 2007

2007 CHAPTER 3

PART 6

VENTURE CAPITAL TRUSTS

CHAPTER 4

QUALIFYING HOLDINGS

The requirements

287 The maximum qualifying investment requirement

- (1) The requirement of this section is that [^{F1}, if the condition in subsection (1A) is met,] the relevant holding did not, when it was issued, represent an investment in excess of the maximum qualifying investment for the relevant period.

[^{F2}(1A) The condition is that—

- (a) at the time of the issue of the relevant holding the relevant company or any of its qualifying subsidiaries was a member of a partnership or a party to a joint venture,
 - (b) the trade which meets the requirement of section 291 was at that time being carried on, or to be carried on, by those partners in partnership or by the parties to the joint venture, and
 - (c) the other partners or parties to the joint venture include at least one other company.]
- (2) [^{F3}The] maximum qualifying investment for any period is exceeded so far as the total amount of money which—
- (a) is raised in that period, and
 - (b) is so raised by the issue to the investing company during that period of shares in or securities of the relevant company,

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exceeds [^{F4}the relevant fraction of] £1 million.

[^{F5}(2A) The relevant fraction is—

1 N

where “N” is the number of companies (including the relevant company) which, at the time when the relevant holding was issued were members of the partnership or, as the case may be, parties to the joint venture.]

- (3) If the relevant holding represented, when issued, an investment in excess of the maximum qualifying investment for the relevant period—
- (a) the shares or securities which represented the excess are not to be regarded as part of the relevant holding, and
 - (b) the amount of money raised by those shares or securities is to be ignored for the purposes of any subsequent application of subsection (2).
- (4) For the purposes of this section, if there is any question as to whether any shares in or securities of the relevant company which are for the time being held by the investing company represent an investment in excess of the maximum qualifying investment for any period, that question is determined on the following assumption in relation to disposals by the investing company.
- (5) The assumption is that, as between shares or securities of the same description, those which represent the whole or any part of the excess are disposed of before those which do not.

^{F6}(6)

^{F7}(7)

- (8) For the purposes of this section “the relevant period” is the period beginning with whichever is the earlier of—
- (a) the time 6 months before the issue of the relevant holding, and
 - (b) the beginning of the tax year in which the issue of that holding took place, and (in either case) ending with the issue of that holding.

Textual Amendments

- F1** Words in s. 287(1) inserted (17.7.2012) (with effect in accordance with Sch. 8 para. 19 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 8 para. 5\(2\)](#)
- F2** S. 287(1A) inserted (17.7.2012) (with effect in accordance with Sch. 8 para. 19 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 8 para. 5\(3\)](#)
- F3** Word in s. 287(2) substituted (17.7.2012) (with effect in accordance with Sch. 8 para. 19 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 8 para. 5\(4\)\(a\)](#)
- F4** Words in s. 287(2) inserted (17.7.2012) (with effect in accordance with Sch. 8 para. 19 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 8 para. 5\(4\)\(b\)](#)
- F5** S. 287(2A) inserted (17.7.2012) (with effect in accordance with Sch. 8 para. 19 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 8 para. 5\(5\)](#)
- F6** S. 287(6) omitted (17.7.2012) (with effect in accordance with Sch. 8 para. 19 of the amending Act) by virtue of [Finance Act 2012 \(c. 14\)](#), [Sch. 8 para. 5\(6\)](#)
- F7** S. 287(7) omitted (17.7.2012) (with effect in accordance with Sch. 8 para. 19 of the amending Act) by virtue of [Finance Act 2012 \(c. 14\)](#), [Sch. 8 para. 5\(6\)](#)

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