



Income Tax Act 2007

2007 CHAPTER 3

PART 6

VENTURE CAPITAL TRUSTS

CHAPTER 4

QUALIFYING HOLDINGS

The requirements

289 The proportion of eligible shares requirement

- (1) The requirement of this section is that eligible shares represent at least 10% by value of the totality of the shares in or securities of the relevant company (including the relevant holding) which are held by the investing company.
- (2) For the purposes of this section the value at any time of any shares in or securities of a company is taken (subject to subsection (4)) to be their value immediately after—
 - (a) any relevant event occurring at that time, or
 - (b) if no relevant event occurs at that time, the last relevant event to occur before that time.
- (3) In subsection (2) “the relevant event”, in relation to any shares in or securities of the relevant company, means—
 - (a) the acquisition by the investing company of those shares or securities,
 - (b) the acquisition by the investing company of any other shares in or securities of the relevant company which—
 - (i) are of the same description as those shares or securities, and
 - (ii) are acquired by the investing company otherwise than by being allotted to the investing company without its being liable to give any consideration, or

Changes to legislation: There are currently no known outstanding effects for the Income Tax Act 2007, Section 289. (See end of Document for details)

- (c) the making of any such payment in discharge, in whole or in part, of any obligation attached to any shares in or securities of the relevant company held by the investing company as (by discharging that obligation) increases the value of any such shares or securities.
- (4) If at any time the value of any shares or securities held by the investing company is less than the consideration given by the investing company for those shares or securities, it is to be assumed for the purposes of this section that the value of the shares or securities at that time is equal to the amount of that consideration.
- (5) In this section “eligible shares” has the same meaning as in Chapter 3 (see section [^{F1}285(3A) and (3B)]).

Textual Amendments

- F1** Words in s. 289(5) substituted (6.4.2011) (with effect in accordance with Sch. 2 paras. 7(4), 8 of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [Sch. 2 para. 2\(9\)](#); S.I. 2011/662, art. 2

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