



Income Tax Act 2007

2007 CHAPTER 3

PART 6

VENTURE CAPITAL TRUSTS

CHAPTER 4

QUALIFYING HOLDINGS

Supplementary

313 Interpretation of Chapter

- (1) In this Chapter —
 - “the investing company” has the meaning given by section 286(1),
 - “the relevant company” has the meaning given by section 286(1), and
 - “the relevant holding” has the meaning given by section 286(1).
- (2) References in this Chapter to the issue of any securities, in relation to any security consisting in a liability in respect of an unsecured loan, have effect as references to the making of the loan.
- (3) References in sections 303 to 309 to a trade are to be read without regard to the definition of “trade” in section 989 (see also section 300(4)).
- (4) For the purposes of sections 296 and 310(3) and (4), the question whether a person controls a company is to be determined in accordance with section 416(2) to (6) of ICTA with the modification given by subsection (6).
- (5) For the purposes of this Chapter, section 993 (meaning of “connected persons”) applies as if references to “control” in that section were to be read in accordance with section 416 of ICTA with the modification given by subsection (6).

Status: This is the original version (as it was originally enacted).

- (6) The modification is that, in determining whether a person controls a company, the following are to be ignored—
- (a) any person’s possession of, or entitlement to acquire, fixed-rate preference shares in the company that do not carry voting rights, and
 - (b) any person’s possession of, or entitlement to acquire, rights as a loan creditor of the company.
- (7) In subsection (6) “fixed-rate preference shares” means shares which—
- (a) were issued wholly for new consideration,
 - (b) do not carry any right either to conversion into shares or securities of any other description or to the acquisition of any additional shares or securities, and
 - (c) do not carry any right to dividends other than dividends which—
 - (i) are of a fixed amount or at a fixed rate per cent of the nominal value of the shares, and
 - (ii) together with any sum paid on redemption, represent no more than a reasonable commercial return on the consideration for which the shares were issued,

and in paragraph (a) “new consideration” has the meaning given by section 254 of ICTA.